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In India, With Each Stone Pulled Aside, a New Quake Victim

By Edward A. Gargan New York Times Service KILLARI, India — The rituals of life and death were played out Friday in the aftermath of an earthquake that savaged these placid rolling farmlands. The living pulled shards of their life from mounds of rubble. The dead were burned on funeral pyres. Dotting newly cut fields of sugarcane with light, flames from the pyres glinted in the early dawn, revealing here and there a solitary figure. In this town once home to 15,000, the earthquake hit with its greatest ferocity. Now there is little more than dusty hillocks of broken stone, roof beams and crumpled corrugated roofs. As people in this central Indian village struggled to come to terms with the loss of their world, estimates of the death toll from the Thursday quake, which measured 6.4 on the Richter scale, varied wildly. Local officials suggested that as many as 30,000 people had died, while national authorities put the figure closer to 20,000. In fact, no one can yet know how many people died, because most of the dead are still buried in the rubble of their homes. "Only when the rubble is removed will we know who died," said K.S. Sidhu of the state health department, who was surveying the destruction in a village near here. "In many villages, the damage is total. In others, the extent of the damage is less." The earthquake seems to have struck more with a hop-scootch fickleness than with systematic devastation. Where one village was leveled, its neighbor, perhaps less than half a kilometer away, survived unscathed. The Indian government's enormous relief machinery began to take action Friday. Prime Minister P. V. Narasimha Rao declared that the relief effort was being put on a "war footing," and said he would visit the area Saturday. National Highway 9, the strip of asphalt running from Hyderabad 225 kilometers (140 miles) away, was filled with convoys of green camouflage army trucks carrying soldiers, and flatbeds lugging bulldozers and mobile hospitals. Army encampments of neatly arranged tents dotted the periphery of the stricken area, and soldiers filtered into ruined villages. Friday morning, Tatturoo Walbe, an ancient man in a dirty white shirt and dhoti, piled pieces of wood onto the back of an oxcart, a wasteland of rubble spread around him. "Eight people from my family died," he said, pausing from his work. "That's why I'm doing this. This is for their pyre." When the quake struck, he said, "I was in the fields with my four brothers." "I felt the tremors," he added. "We panicked and went running to the house, but it had fallen down." He said he thought that 200 bodies had already been cremated. Who died and who did not seems to have been determined as much by the traditions of local construction as by the fortuitous occurrence of a religious festival. The night before the quake, the people of Maharashtra had celebrated the birthday of the Hindu elephant god Ganesha, during which they submerge images of the god in water in a rite of purification. That night, a happy, boisterous occasion feigning this god of wisdom, wore on for many people until the early hours. "The submerging of Ganapati," said Madhav Sambhaji Bhosle, using another name for the god, "went on until 2:30 in the morning. A lot of people were sitting around talking and



A man grieving for his son Friday in the rubble of Talani village, one of scores leveled in the quake. For many, the day was spent unearthing remains and cremating victims.

Accord Fails In Moscow as Lawmakers Keep Arms

By Fred Hiatt and Lee Hockstader Washington Post Service MOSCOW — A tentative agreement to defuse tensions around Russia's parliament collapsed Friday when hard-line lawmakers and their supporters inside the building refused to cede their weapons. President Boris N. Yeltsin, who ordered the parliament dissolved Sept. 21 and then cut its telephones and power when legislators kept working, restored electricity Friday as called for in an agreement signed during the morning. But those inside the parliament then rejected the pact that their representatives had signed, keeping what officials said were more than 2,000 guns and grenade launchers. The hard-line legislators said they would accept nothing less than Mr. Yeltsin's resignation. "That is why, you see, it is difficult to deal with them," Mr. Yeltsin said. The two sides held further negotiations Friday in a Russian Orthodox monastery and pledged to continue talking Saturday in response to peace overtures from the leader of the church, Patriarch Alexei II. Both Mr. Yeltsin and Ruslan I. Khasbulatov, speaker of the dissolved parliament, said they hoped for a peaceful solution to the crisis, but neither offered any change in their diametrically opposed positions. "This junta is doomed," Mr. Khasbulatov said of Mr. Yeltsin's administration. "Who needs this — for millions to suffer because of one tyrant?" Despite the inflated rhetoric and the breakdown of the pact, tensions seemed to drop a notch, perhaps because Muscovites were becoming accustomed to living with two presidents, a barricaded parliament and daily scuffles between the police and demonstrators. Journalists were permitted back into the parliament building Friday, and the two sides named "expert groups" to continue negotiating — though their expertise was not specified. Mr. Yeltsin did not retract his government's ultimatum that the building be cleared by Monday, but he repeated his pledge not to use force. Mr. Yeltsin also sent his top aides across Russia to calm the country and seek support from local officials, many of whom oppose his decree dissolving the conservative parliament. Prime Minister Viktor S. Chernomyrdin met with officials in the Volga River region, Deputy Prime Minister Sergei M. Shakhrai went to Siberia and Deputy Prime Minister Yegor T. Gaidar to the Far East. Early signs that the battle for regional support could prove costly — and more inflationary than Russia's economy can afford — emerged when Mr. Chernomyrdin said that

\$2 Billion, a 'Striking Success,' Is Pledged for Mideast

By John M. Goshko Washington Post Service WASHINGTON — A total of 43 countries responded Friday to United States pleas that they open their treasuries on behalf of Middle East peace and pledged \$2 billion to assist the Palestine Liberation Organization in taking administrative control of the Gaza Strip and parts of the West Bank from Israel. "We are moving this process very quickly," Mr. Clinton said of the day's events, which administration officials said they hoped would maintain the momentum of the U.S.-sponsored peace process. The daylong donors' conference convened by the United States ended on a note that Secretary of State Warren M. Christopher called "a striking success however you measure it." Washington took the lead in organizing the conference, and Vice President Al Gore, who made the keynote speech, said the United States intended to contribute \$500 million over five years. In dollars-and-cents terms, that meant that the total pledges roughly met the \$2 billion target that Clinton administration officials had set for this initial fund-raising effort to support the Israel-PLO accord signed at the White House on Sept. 13. The agreement calls for the two sides to negotiate a system of Palestinian self-rule for territories occupied by Israel since 1967. Treasury Secretary Lloyd Bentsen said, "Commitments made today approach \$2 billion over five years, and with the continuation of support from donors who pledged today, I'm confident that we will exceed the World Bank's \$2.4 billion estimate of needs over five years." Referring to what he called "very immediate and pressing needs" in the impoverished territories, Mr. Bentsen said participants in the conference had pledged more than \$600 million. See MIDEAST, Page 2

Foreign Policy Under Clinton: A 'Disjunction'

By Thomas L. Friedman New York Times Service WASHINGTON — The contrast between the theory and practice of the Clinton administration's foreign policy has never been more starkly apparent than in recent days. In a series of four speeches this month, Secretary of State Warren M. Christopher, the national security adviser, W. Anthony Lake, the delegate to the United Nations, Madeleine K. Albright, and President Bill Clinton himself laid out their "vision" of America's post-Cold War foreign policy. At its core was the idea that the old policies of containment of communism should be replaced by a policy of enlargement of the family of free-market democracies. But from the actual behavior of the administration, a very different picture emerges. In reality, this administration wants to go from a

Mandela Appeals For Investor Aid

WASHINGTON (Reuters) — The African National Congress leader, Nelson Mandela, called on investors Friday to show the same determination in rebuilding South Africa's economy as they displayed in tearing down apartheid. The business community listened, but with caution. Mr. Mandela won warm applause from pension and mutual fund managers at an institutional investment conference sponsored by top Wall Street firms, where he called for them to return to a post-apartheid South Africa. Their help is needed to reconstruct an economy weakened by political upheaval, years of recession and severe drought. The black majority needs not only democracy but also economic opportunity, Mr. Mandela said. "It must also have the potential to say to everyone that they have the possibility to lead decent lives, to feed themselves and their children, to regain their human dignity," he added.



NEW ARRIVAL — The U.S. chief justice, William H. Rehnquist, welcoming Ruth Bader Ginsburg, the Supreme Court's newest justice, on Friday. The court is to begin its new term, which is heavy with unfinished civil rights business, on Monday. Page 3.

Disillusion Turns to Anger Among Hard-Hit Hard-Line Backers, Yeltsin, Jews and U.S. Are Scapegoats

By Margaret Shapiro Washington Post Service MOSCOW — It is hard not to feel sorry for the out-of-work teacher or the old woman on a tiny pension who gather at the barricades surrounding Russia's parliament to shout support for the besieged legislators and then scatter in terror when the police charge with shields and riot sticks. But then they begin to speak. "Jews are flourishing everywhere in Russia while we are dying," said the pensioner, Olga Polkad, 65. "They control everything, Yeltsin is just a puppet in their hand." "You are gangsters!" Margarita Polgatkina, the teacher, all but shouted at an American newspaper reporter. "Don't tell lies that you are great nation." On the barricades, anti-American, anti-Semitic and anti-Yeltsin feelings run high. For these people, the last two years have been marked by disorienting, unpleasant change as their once-great superpower collapsed and their own futures became uncertain. They are here not only to support the hard-line parliament that President Boris N. Yeltsin has ordered closed, but also to express their pain and anger, often in the ugliest and most conspiratorial terms imaginable. Though they do not speak for a majority of Russians, they speak for millions who find themselves on the wrong end of history — and want someone to blame. Earlier this week, a group of young men, their faces flushed with drink and hatred, filled the subway station leading to the barricades with an age-old anti-Semitic chant of "Beat Kikes! Save Russia!" Similar slogans have been emblazoned on buildings and placards carried by militant nationalists demonstrators. Since Mr. Yeltsin ordered the parliament building sealed off, lines of police officers stand a constant guard, periodically charging at pro-parliament demonstrators who come too close. Seemingly astonished that the police are assaulting them, they seek refuge in nearby back alleys and yell "Fascist!" or "Lackey!" from a safe distance. The police retreat, only to charge again 30 minutes later. There have been several violent confrontations, including one that claimed the life of a policeman, but they occur mostly at night when several thousand converge here after work. During the day, the crowds are smaller and mostly middle-aged and elderly. Like Miss Polgatkina, 47, they need little prompting to begin a tirade against all sorts of villains, old and new. "We used to live quite well without American tips, and now we live in poverty," she said, clutching a copy of the hard-line newspaper

Table with market data: Dow Jones Up 25.99, Trib Index Up 0.31%, The Dollar New York 1.6308, DM 1.505, Yen 106.00, FF 5.6915

Lufthansa and United to Sign Air Accord

By Brandon Mitchener International Herald Tribune FRANKFURT — Moving quickly to gain advantage from a new U.S.-German air accord, Lufthansa will sign a cooperation agreement Monday with United Airlines for flights between North America and Europe, company and airline industry sources said Friday. The agreement would end years of searching by the state-controlled German airline for a partner to help it gain access to the American air-travel market, the world's biggest. It is considered critical to Lufthansa's survival on trans-Atlantic routes, which are among the world's most competitive. "The decision is extraordinarily important for Lufthansa," said Gerd Leiding, a spokesman. Despite expressions of skepticism in some quarters, Lufthansa shares jumped 2.7 percent in after-hours trading here after the announcement that a news conference had been called for Monday at which Lufthansa's chairman, Jürgen Weber, is expected to sign an accord with his counterpart at United. Such an alliance would also be a boon to United, which would gain greater access to European destinations. United flies to 169 cities worldwide in 33 countries, while Lufthansa flies to 186 cities in 80 countries. The Lufthansa-United agreement falls short of an outright merger. At the heart of the agreement would be an arrangement to share computer reservation codes. What was not known Friday was whether the agreement included wider-ranging cooperation, including aircraft maintenance. It would be the third big alliance between American and European carriers after British Airways joined forces with USAir, and KLM Royal Dutch Airlines teamed up with Northwest Airlines. The Lufthansa-United deal is not expected to be as broad as the arrangement that permits British Airways to share ticketing codes with multiple American carriers. Lufthansa already has cooperation agreements with several other airlines, including Bra-

Beastly Traffic? Here's a Solution

The Associated Press LISBON — It may not have plush seats or a tape deck, but if you want to speed through Lisbon's traffic, try a donkey. Portugal's Socialist Party has been complaining about the growing gridlock in the capital, so on Friday it ran a race between a burro and a Ferrari coupe on a two-and-a-half-kilometer course from suburban Odiveias to one of the main entrances of the capital. The burro, ambling along clogged and narrow roads, beat the Ferrari with four minutes to spare. The Socialists, gearing up for coming local elections, have promised to extend Lisbon's small subway to surrounding suburbs to help improve the traffic situation.

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See ANGER, Page 2

PEOPLE... INTERNATIONAL CLASSIFIED... ACCESS Numbers...

Mediators for Bosnia See No Value Now in Talks

Compiled by Our Staff From Dispatches
GENEVA — The international mediators in the war in Bosnia-Herzegovina said Friday that there was no point in trying to resume peace talks in the immediate future.

The decision came as a Croatian attack on Muslim refugees and reports of a new Serbian torture campaign added to fears of serious new eruptions in the 18-month Bosnian war.

"We feel the best thing is to let the political dust settle a little and encourage bilateral discussions between the parties," said Lord Owen, the European Community mediator, after he and Thorvald Stoltenberg, the United Nations envoy, held talks here with the commander of UN forces in the former Yugoslavia, General Jean Cot.

Their decision on the talks came after rejection by the Muslim-dominated parliament of Bosnia of a peace plan earlier this week as providing too little territory for the proposed Muslim republic. The mediators

made it clear that they had no alternative to the plan.

"We are certainly ready to call people together when we think it can achieve some results," Lord Owen said.

Referring to the Bosnian Serb, Croat and Muslim-dominated government negotiating teams, Lord Owen said: "There is perhaps too great a tendency for the parties to believe that all they need to do is to turn up in Geneva."

He added: "That is not enough. There has to be a readiness to compromise and a readiness to reach agreement, and I don't think we are going to find that atmosphere as yet between the parties."

But Lord Owen stressed that he was not writing off the peace process, which, he said, "would be very unwise."

A Croatian attack on Muslim refugees and reports of a new Serbian torture campaign added the danger of new fighting.

A UN official said Bosnian Serbs had

launched a campaign against Muslims and Croats in the Benja Luka region, including rape, torture and beatings, apparently aimed at driving them from the area.

Civilians were also victims in the disputed town of Mostar, where Bosnian Croat forces shot to death 200 Muslim refugees in a group of nearly 400 they expelled under fire, according to a UN military spokesman said.

The expulsion came after the Bosnian Croat parliament voted to mobilize troops and withdraw all concessions made as part of a Geneva peace deal if the mainly Muslim Bosnian government did not accept the plan unconditionally.

The Muslims agreed to the plan creating Serbian, Croatian and Muslim ministries out of Bosnia, but only if the Serbs and the Croats gave back more of the land that they have taken in the fighting.

The Bosnian Serbian leader, Radovan Karadzic, also threatened to take back terri-

torial concessions if the Muslims did not accept the plan.

In another development, the chairman of a UN commission investigating war crimes in the former Yugoslavia said he had resigned because of frustration at UN bureaucracy and obstruction by Western governments had harmed his health.

"The commission did not have the full political support of major governments," said Frits Kalshoven, a retired law professor, speaking by telephone from his home in Leiden, Holland.

Mr. Kalshoven asserted that France, Britain, Italy and Germany had refused to cooperate with the five-man commission, depriving it of the resources it needed to do its work. He said that the United States, Canada, Norway and the Netherlands had supported the commission, but that once money had been secured the United Nations had been slow to make it available. (AFP, AP, Reuters)

East Europe Waves Off NATO Stand By Yeltsin

Compiled by Our Staff From Dispatches
WARSAW — East European nations shrugged off President Boris N. Yeltsin's opposition to their joining NATO, saying Friday that the alliance offered the only sure source of security at a time of upheaval in the former Soviet bloc.

Mr. Yeltsin, in a letter to the U.S., French, British and German governments, said that the agreement on German reunification signed by those states and his own barred the opening of NATO membership to former Communist nations.

In Poland, the president's office and the foreign minister said they had not been officially informed of Mr. Yeltsin's new position. But the presidential spokesman, Andrzej Dyziewski, said that Poland was a sovereign country and wanted to join the North Atlantic Treaty Organization.

A Foreign Ministry spokesman, Grzegorz Dzienidowicz, said that NATO now represented the only guarantee of security in Europe.

"The situation in the east of the continent is shifting and could present a danger for security," he said.

Poland asked NATO last month to set a timetable for Eastern states to become members. Warsaw asked that this be done by NATO's January summit meeting.

In Hungary, a Foreign Ministry spokesman said the "policy to become a full member of NATO remains unchanged." The spokesman said Budapest had not been officially informed of Mr. Yeltsin's position.

Prime Minister Jozsef Antall wrote to Mr. Yeltsin recently to say that the Hungary's efforts to strengthen ties with NATO were part of its attempt at greater European integration, and that Budapest would never support policies aimed against Moscow.

Istvan Gyomai, the head of the Foreign Ministry's security policy department, said Mr. Yeltsin's letter to the Western governments "manifests a struggle between various interest groups in Russia."

In Romania, the presidential spokesman, Traian Chebeleu, said that Bucharest "did not need to ask permission" from Russia to join NATO.

A spokesman for the Czech government, Ladislav Pistora, said the "different signals" coming out of Russia should be seen "in the very confused context of the current political crisis in Russia." (AFP, Reuters)

WORLD BRIEFS

Hurd Vows Hong Kong Vote in '95
UNITED NATIONS, New York (AFP) — Britain will hold elections in Hong Kong in 1995 on its own terms if it fails to reach agreement on the issue with China, Foreign Secretary Douglas Hurd said here Friday.

"If we can reach agreement, that will be much the best outcome," Mr. Hurd said after meeting with the Chinese foreign minister, Qian Qichen. "If we can't reach agreement then we will have to take our responsibilities, responsibilities which we now hold under the Joint Declaration, for the administration of Hong Kong."

Mr. Hurd said that the government would have to put draft legislation before the Legislative Council to pass the necessary laws for elections in 1995 that would be "fair and open and acceptable to the people of Hong Kong." He added, "We haven't set a deadline, but obviously talks can't go on indefinitely."

Atomic Agency Presses North Korea
VIENNA (Reuters) — The International Atomic Energy Agency urged North Korea in a resolution Friday to cooperate immediately with the agency and open up suspected nuclear sites for inspection.

The resolution won the backing of 72 member states at the agency's annual conference in Vienna, but it fell short of sending the matter to the UN Security Council, as it had earlier this year.

North Korea and Libya voted against the resolution. China, Pyongyang's traditional ally, abstained in the vote, as did India and Pakistan and eight other member states. The North Korean delegate denounced the vote as unjust and said Pyongyang "regrets what is a violation of the sovereignty of our country." The co-sponsors of the resolution, the delegate said, "should bear full responsibility for the consequences."

Khmer Rouge Chief Visits Sihanouk
PHNOM PENH (AP) — The leader of the Khmer Rouge, Khieu Samphan, announced his support Friday for Cambodia's king and the new constitution. But fighting between his guerrillas and government forces was reported in the countryside. The declaration itself appeared to be another attempt by the Khmer Rouge to bolster its influence by entering the government.

A half-dozen guards from the Royal Palace, armed with machine guns, kept journalists back from the Khmer Rouge leader, who called on King Sihanouk, and tried to prevent them from asking questions by kicking them. But as Mr. Khieu Samphan was making his way to a waiting palace car, he denied his group was still attacking government forces. "We are not fighting anyone," he said. "We are defending ourselves."

Since the election victory by a pro-Sihanouk party last May, the Khmer Rouge has sought to join the new administration, but at the same time has continued skirmishes with government forces in the countryside.

At UN, a Move to Restrict Libya More
UNITED NATIONS, New York (Reuters) — The United States, Britain and France formally introduced a Security Council resolution on Friday to tighten sanctions against Libya for the 1988 bombing of a Pan American World Airlines jumbo jet. But Tripoli has been granted some extra time before the measures are adopted.

The resolution, which bans the sale to Libya of some oil-related equipment and freezes some financial assets, is meant to put pressure on Tripoli to allow two suspects accused of the bombing over Lockerbie, Scotland, to stand trial in Britain or in the United States.

Oil production will not be banned. The council in April 1992 imposed an air and arms embargo on Libya and a downgrading of diplomatic ties. A senior diplomat said the three allies would press for passage of the resolution next week unless the Libyans informed Secretary-General Butros Butros Ghali "in a formal way" that the two men would surrender within two weeks.

2d Front Opens in Georgian Conflict
TBILISI, Georgia (AP) — Government troops retreating from the breakaway region of Abkhazia clashed Friday with paramilitary forces intent on restoring the former Georgian president, Zviad K. Gamsakhurdia, to power.

The new fighting deepened the crisis facing the Georgian leader Eduard A. Shevardnadze. His demoralized, poorly disciplined army now is fighting on two fronts, against the Abkhazians and against supporters of Mr. Gamsakhurdia, the country's first democratically elected president who was deposed in January 1992 by former allies who accused him of dictatorship.

The retreating government troops fought with Mr. Gamsakhurdia's gunmen along the border between Abkhazia and the neighboring province of Mingrelia. An Interior Ministry spokesman said the rebel gunmen captured a police commander and seized weapons from a unit of 120 government soldiers. Government officials said they believed the commander was being held in Zugdidi, capital of Mingrelia.

For the Record
Rains pelted southeastern France on Friday, forcing hundreds to flee their homes and killing a winery owner and a Dutch tourist, authorities said Friday. Similar weather paralyzed Rome during rush hour, and an Air France plane struck by lightning shortly after takeoff from Fiumicino Airport was forced to return for an emergency landing. (AP, Reuters)

Correction
 An article Friday in the Business/Finance pages on the Uruguay Round of world trade talks erroneously attributed a remark to David Woods, the spokesman for the General Agreement on Tariffs and Trade. The remark was made by a British official who requested anonymity.

TRAVEL UPDATE

French Rail Workers Set for a Strike
PARIS (Reuters) — French rail workers threatened Friday to strike for as long as four days next week to protest a wage freeze. Two trade unions told the state-owned SNCF railroad that they planned a walkout all day Monday until 8 A.M. Tuesday. A third union plans to strike from 8 P.M. Tuesday until 8 A.M. Thursday.

The SNCF said in a statement that train services were expected to be virtually unaffected Monday in the Paris region except on local lines heading north and northeast, where two out of three trains were forecast to run. Slight disruptions were expected for the heavily used southeastern TGV high-speed line.

Queen's Palace Rings Up a Success
LONDON (Reuters) — Queen Elizabeth II closed the doors of Buckingham Palace to the last of about 400,000 visitors Friday, ending an eight-week experiment that may be repeated. The visits were considered a success that could earn the queen nearly £2 million (about \$3 million). Final figures were not yet available. The tours cost £8.

The queen decided in April to open some state rooms in the palace to the public to help pay for repairs to Windsor Castle, which was damaged by a fire. This is expected to cost around \$40 million.

An campaign by Belgian animal-lovers, who threatened to demonstrate, has forced the government to break a 136-year tradition and ban a horse race Tuesday through the streets of the Flanders village of Sint-Eloois-Winkel as a danger to the public safety. (AFP)

AIRLINES: Lufthansa and United Airlines Set a Cooperation Accord

Continued from Page 1
 next 140 flights a week with a U.S. partner, giving German passengers easier access to U.S. cities. The number may double in a year and rise to 350 flights a week by the middle of the 1990s.

Officially, Lufthansa declined to confirm the identity of its future partner, but industry sources and circumstantial evidence all point to United, a unit of UAL Corp. Sources said a top United official would be present at the news conference.

Industry analysts said the agreement would enhance the competitiveness of Lufthansa and United on North Atlantic routes by attracting passengers who otherwise would have flown on other airlines.

"For the airline industry as a whole, it's a zero-sum game," said Glenn Engel, an airline industry analyst at Goldman Sachs in New York, meaning it adds no new passengers.

The U.S.-German air pact signed Sept. 24 allows Lufthansa to con-

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ANGER: Moscow Targets

Continued from Page 1
 fited by Mr. Yeltsin's rule, he said, are "mafia structures" and the "upper crust" in the United States and elsewhere.

"It all became clear to me," said Mr. Kotelevsky, an unemployed stagehand with six children. "It turns out the president of the United States not only supports Yeltsin but gives him instructions through the Foreign Ministry."

The sense of impoverishment among these demonstrators is widespread, and they have little good to say about free-market economics. There are more items on once-barren store shelves, but they are not affordable, they said. More galling, they now must watch as some Russians get richer, reveling in the chaotic capitalism that is so frightening and disgusting to many of these people.

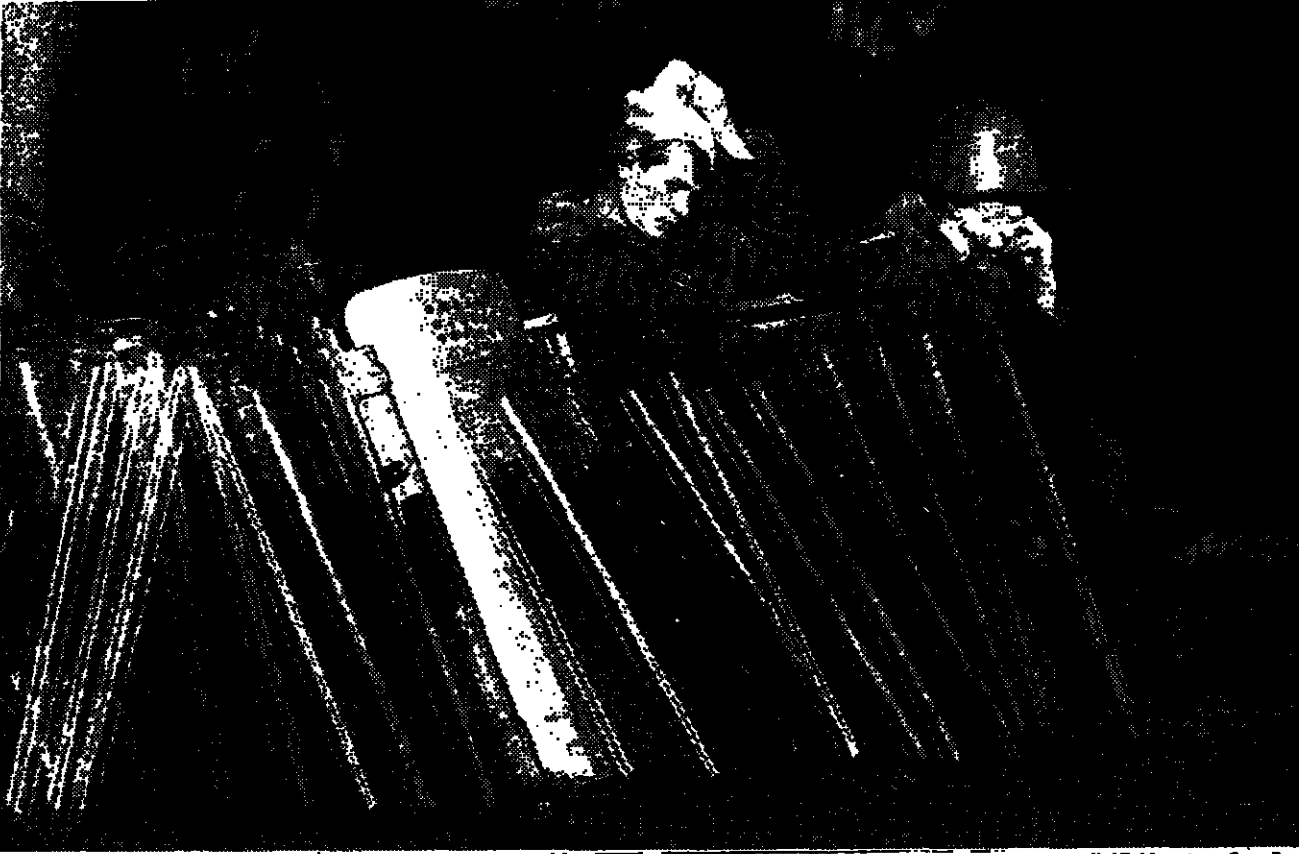
For people brought up on an official ideology of equality, where everyone may have been poor but at least equally poor, the fur coats, imported cars and crass extravagance of Russia's new rich are hard to take. "We have a bunch of rich people, while the rest of us get poorer and poorer," Mr. Kotelevsky said.

"I was a teacher," Miss Polkad said, "now I am just a beggar." She added that she got a pension of 17,000 rubles (about \$15) a month, less than half the average wage in Russia. "I can not afford to buy anything to eat," she said.

As she began to blame Jews for Russia's troubles, many in the crowd around her murmured their agreement. "Television is captured by Jews," she said. "Radio Russia is only Jews. And they don't let us say a word. We don't see any light at the end of the tunnel. We've seen this trend for many years, but it is especially acute right now."

There was a loud crash as two dozen Interior Ministry policemen prodded their shields against the dozer to signal a new charge. Up the hill they came, pushing and prodding the demonstrators and telling them to leave.

"Can you see this, can you see this?" a protester shouted as a policeman pushed her along. "This is what we have come to."



Militiamen taking a break Friday next to a stack of riot shields as the barricading of the parliament building continued in Moscow.

RUSSIA: Accord Collapses as Hard-Liners Refuse to Give Up Weapons

Continued from Page 1
 price increases on bread, scheduled for Oct. 15, now might have to be delayed.

Mr. Yeltsin provoked the gravest crisis of his office when he sought to end a two-year stalemate by dissolving parliament and calling elections to a new legislature for Dec. 12. The president said the Soviet-era legislature had become an unacceptable obstacle to democratic and free-market reform.

Parliament responded by voting to impeach Mr. Yeltsin and install in his place Vice President Alexander V. Rutskoi, a one-time ally turned bitter foe. Mr. Rutskoi and his supporters, including as many as 200 of the parliament's 1,040 deputies, have remained inside parliament.

Government officials said Fri-

day that more than 1,000 people remained inside parliament. Mr. Rutskoi himself, a former air force pilot, has been seen wandering the building with an automatic weapon in recent days.

Pro-Yeltsin officials also said that negotiating an end to the crisis would be difficult in part because it was not clear whether anyone was in control of the armed formations inside the parliament.

They said the vigilantes include include fighters from all corners of the former Soviet Union and beyond, including secret policemen from Latvia, Ossetian and Trans-Dniestr Russian nationalists and Yugoslavs.

Interviews with dozens of soldiers, security guards, Cossacks and other vigilantes inside parliament confirmed the impression

that divided allegiances would make negotiations difficult.

Some of the armed men swore allegiance to Mr. Rutskoi, a few to Mr. Khasbulatov and many expressed distaste for both. Some said they had come to defend parliament against Mr. Yeltsin, some against the mafia, some against a vague Zionist conspiracy.

Interior Ministry officials said they would keep a police cordon around the building until those inside gave up their arms.

"Of course, we will not resort to force, because we do not want bloodshed," Mr. Yeltsin said. "But neither do we want those militants sitting there."

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Yeltsin Trims Plan for First Japan Trip

Agence France-Press
TOKYO — The Japanese government officially announced Friday that President Boris N. Yeltsin would make his first visit to Japan, but disclosed that the stay would be less than 48 hours at Russian request.

Mr. Yeltsin, who initially was scheduled to stay three days, will arrive on the evening of Oct. 11 and leave on the afternoon of Oct. 13, the Japanese Foreign Ministry said.

He will have several meetings with Prime Minister Morihiro Hosokawa and an audience with

Emperor Akihito. Talks with business leaders also have been scheduled.

Mr. Yeltsin has twice tried to visit Japan but on each occasion has canceled. Japanese officials have been skeptical that the latest attempt will succeed, given Mr. Yeltsin's battle for Russia's political future with conservatives in the Russian parliament.

If the visit does go ahead, it will be a delicate exercise for Mr. Yeltsin, given the continuing dispute with Japan over islands in the Kuril chain that were seized by the Soviet Union in the last days of World War II, analysts said.

QUAKE: Under Each Stone, Another Crushed Victim

Continued from Page 1
 praying. Those who went home and slept all died."

Mr. Bholoe, who gave his age as "75 plus 1," stood outside the shell of his home, only its walls jutting up like a jaw of teeth. "Seven of my family were removed from this house," he said. "All together 25 people lived here. Seven more are in the hospital, in Lanur."

Latur is a town about 50 kilometers north of here.

Not far away, across fields of brilliant yellow sunflowers, the village of Pethsanghvi has disappeared. Mounds of rock and dirt are spread through what was once a settlement of 3,000.

Atop one hill of collapsed houses, young men in the uniform of the volunteer National Cadet Corps, a social work organization, dug furiously into the wreckage. In some places, the edge of a sarri pro-

truded; elsewhere a leg or a hand was barely visible above the rubble. With each shovel of dirt, or beam pulled aside, the outlines of another victim became visible.

"We took two bodies here so far," said Major Satish Chandram Kavara, who was directing his young volunteers. "We might find others, so we are digging." As he talked, a stench rose from the ruins, forcing the young volunteers to cover their faces with handkerchiefs.

Dhonda Vai, who said she was about 60, stood precariously atop the wreckage of her home, moaning softly, her eyes desperate. "I was sweeping just outside the house," she said. "They all died." She watched as a relative's body was unearthed and gently carried away in a makeshift burlap sling. The body was placed in a courtyard, joining seven others. A relief worker quietly quizzed villagers for the

name of the latest victim, and wrote it on a notepad.

While the relief workers dug for bodies, survivors dug for what belongings they could salvage. On one hill, an old man stabbed at the wreckage of his home with a long stick. Suddenly, he dropped to his knees and yanked a dented cooking pot from the rubble.

A young man, Laloo Ambadas, the right side of his face blackened by a deep bruise, stared as workers sifted through his home.

"That was my house," he said. "I lost my mother, my father, my brother, five people. It happened very early. It was very dark and we were all sleeping. When the earth shook, I held onto some bamboo and managed to crawl out. I heard them crying, but I couldn't help."

Below him, on the narrow passage among the drifts of ruined houses, an old man wailed, "Ma, Ma, Ma."

MIDEAST: \$2 Billion, a 'Striking Success,' Is Pledged for Palestinians

Continued from Page 1
 tion "for the critical first year" of the switch to Palestinian autonomy. "Over two years, it will reach \$1 billion," he added.

The full impact of the amounts pledged Friday could not be assessed immediately because they cover varying periods within the planned five-year program and involve a mix of grants, loans and credits.

In addition to the U.S. commitment, other significant pledges were \$600 million from the European Community, \$200 million from Japan, \$100 million from Saudi Arabia and \$150 million from the Nordic nations. Israel, a financially hard-pressed country heavily dependent on U.S. aid, said it would contribute \$75 million as a sign of its commitment to making the autonomy agreement work.

Nonetheless, the day was not without a few discordant notes. Mr. Christopher was asked several times about the refusal of Arab governments to match Israel's gestures toward the PLO by ending their economic boycott of the Israelis. He replied that the issue was not within the purview of the conference.

"I am confident that in the course of time we will get the boycott lifted," Mr. Clinton said in response to similar questions.

News agencies reported:
 Mr. Pines and Jordan's crown prince announced that they had agreed to establish a joint economic committee and work together on economic and environmental matters. The agreement comes even before the two countries settle security and border issues. As part of the agreement, Jordan would receive part of the Palestinian aid funds pledged at the donor conference on Friday.

"There are very immediate and pressing needs in the West Bank, and they have to be attended quickly," Mr. Benetton said as the conference ended.

But Yasser Arafat, the PLO chairman, said Friday that the \$2 billion in pledges was not enough and that the Palestinians needed at least \$5 billion.

Mr. Arafat, speaking in Tunis on Friday evening, added that the Palestinians would need to "start from zero" to rebuild their shattered infrastructure in the Israeli occupied territories.

The money is intended to pro-

vide economic and social improvements in the impoverished Gaza Strip and West Bank.

The PLO-Israeli peace agreement, which takes effect Oct. 13, calls for quick withdrawal of Israeli troops from Gaza and the West Bank town of Jericho, with limited Palestinian self-rule in those areas plus the rest of the West Bank.

Both Mr. Benetton and Mr. Christopher discounted reports of a disagreement between the United States, which offered to coordinate contributions, and the European Community, which said it already

had EC coordinating mechanisms in place.

Mr. Christopher said a liaison committee had been formed to work with the World Bank and other organizations to direct funding. The Belgian foreign minister, Willy Claes, who represented the EC at the conference, said the committee would be effective in coordinating donations.

Saudi Arabia pledged \$100 million for the first year, with intensions that this level of funding could continue for at least a decade for a total of \$1 billion.

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 All the friends of
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Away From

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STATESIDE / THE WACO DEATHS

In Davidians' Trial, Defense Could Hinge on U.S. Officials' Admitted Lies

By Sam Howe Verhovek
New York Times Service

HOUSTON — While the Treasury Department was categorical in condemning the mistakes by senior officials in charge of the Feb. 28 raid on the Branch Davidians compound, the impact on the coming trial of 11 cult members accused of murdering federal agents was the subject of sharp dispute.

Lawyers for some of the surviving Branch Davidians were quick to predict that the Treasury review's general depiction of government failures, confusion and lies would bolster the Branch Davidians' case that bullets fired by cult members during the shoot-out came in self-defense. Four agents of the Bureau of Alcohol, Tobacco and Firearms (ATF) were killed in the shoot-out and 20 were wounded.

But as much as they criticized the operation, both Treasury Secretary Lloyd Bentsen and Assistant Treasury Secretary Ronald Noble, who oversaw the report, were firm in saying that they believed that the first gunshots were fired by cult members under orders from their leader, David Koresh.

In fact, they said, earlier tip-offs to the cult allowed Mr. Koresh to put gunfighters in place to carry out a deadly assault on the agents.

But a lawyer for David Thibodeau, a surviving cult member who is not one of the 11 charged, predicted that the report's overall depiction of mistakes and lies by government officials would be extremely influential with the jury that must sort out what happened on the day of the raid. That will be especially true, he said, if the case comes down to the Davidians' word against that of the Bureau of Alcohol, Tobacco and Firearms.

"Our clients said the feds were lying all along, and they were," said the lawyer, Gary Richardson. "What our clients were telling us was true. Heads would roll when the truth eventually came out. That's just what happened."

A spokesman for the firearms agency said in Waco at one point that the government had aerial videotape that would conclusively show the cult members fired first. But the film, if it exists, has never been made public, and a jury addressing that question may ultimately have only the testimony of the combatants to go on.

The trial of the Branch Davidians, which had been due to start in early November, was put off for at least two months and has been bogged down in pretrial motions.

In its report, the Justice Department concluded that law enforcement officials botched virtually every aspect of their plan to capture Mr. Koresh, then misled investigators and Congress about their mistakes.

In a detailed report of mistakes and mendacity in the top ranks of the Bureau of Alcohol, Tobacco and Firearms, the department offered new information about the law enforcement operation.

It is a devastating critique of an obscure Treasury agency already teetering on the verge of extinction under an administration proposal to hand its duties to the Internal Revenue Service and the FBI.

The report said that senior agency officials went to even greater lengths than previously believed to deceive investigators and Congress.

It said officials had changed a written record of the plan after the raid in a self-serving way, and then lied about the alterations.

"The decision to proceed was tragically wrong, not just in retrospect, but because of what the decision makers knew at the time," the report says.

It also noted: "There may be occasions when pressing operational considerations — or legal constraints — prevent law enforcement officials from being less than completely candid in their public utterances. This was not one of them. And a desire to shield one's agency from public criticism cannot justify false or misleading pronouncements on matters of clear public concern."

The Treasury report deals with only part of the government's handling of the Branch Davidian cult: the original raid on its compound on Feb. 28 and the gun battle that resulted, ending with four U.S. agents and six cult members dead.

Next week, the Justice Department is planning to publish its review of the 51-day standoff that followed the raid and ended with the April 19 fire.

The authorities said 85 people died in that fire.

POLITICAL NOTES

Staff Cuts Are for Real, White House Says

WASHINGTON — President Bill Clinton says he has met his campaign pledge to reduce the White House staff by 25 percent, but Republican critics in Congress have accused him of using gimmicks. According to administration officials, there are 1,005 employees working at the White House — or 389 fewer than in November 1992, when Mr. Clinton was elected. But 40 percent of that reduction comes not from eliminating jobs but by reassigning to other government agencies employees who had been on loan to the White House.

Many of the positions that were actually eliminated came from the Office of Drug Control Policy, which has been reduced to 25 workers from 112.

Mr. Clinton and his aides said they had met both the letter and spirit of the campaign promise and that many White House employees were working longer and harder days as a result of it.

"We have cut it," the president said Thursday. "I can guarantee people around here have been complaining about it because we're handling more mail, doing more work and carrying a bigger load than this White House has carried in more than a dozen years, and we're doing it with fewer people." (NYT)

Closing the Back Door on Special Interests

WASHINGTON — President Clinton has ordered substantial changes in the way the executive branch formulates regulations, saying that the new policy would end the "back door access" to rulemakers enjoyed by special interest groups during the Bush administration.

Mr. Clinton's order puts new restrictions on the ways White House and Office of Management and Budget officials can intervene in reviewing regulations proposed by federal agencies in areas such as environmental protection and occupational safety.

Such intervention became a source of controversy during the Reagan and Bush administrations. Critics claimed that during the Bush administration the Council on Competitiveness, headed by Vice

President Dan Quayle, reviewed and sometimes altered government regulatory proposals out of public view. The council included members of private business.

Mr. Clinton's order requires that communications of White House and budget office staff with outside interests concerning regulations be made in writing and placed in a public file. It also calls for a timetable for reviewing rules, and cuts down the number of rules the budget office may review. (UPI)

Plutonium Is Issue as Senate Backs Reactor

WASHINGTON — The Senate voted to continue development of an experimental nuclear reactor that could be used to create plutonium while generating electricity, rejecting arguments that the reactor would undermine the Clinton administration's efforts to limit worldwide use of plutonium.

By 53 to 45, the Senate killed an attempt by Senator John F. Kerry, Democrat of Massachusetts, to delete financing for the project, the Advanced Liquid Metal Reactor, from the \$22 billion energy and water appropriations bill for fiscal 1994.

Environmental, scientific and anti-nuclear groups were virtually unanimous in opposing development of the reactor. But Senator J. Bennett Johnston, Democrat of Louisiana and a supporter of the project, prevailed by arguing that the technology holds promise as a way of getting rid of surplus plutonium.

The House voted by a wide margin in June to cancel financing for the reactor, so its fate remains in doubt. The amount of money involved — \$30.4 million in the coming year — is relatively insignificant. But the debate was intense because the real subject was nuclear nonproliferation policy and the lack of consensus over what to do with the nation's growing stockpile of surplus plutonium. (UPI)

Quote/Unquote

General Colin L. Powell, on his last day as chairman of the Joint Chiefs of Staff: "It's hard to leave." (AP)



HUGS TO THE CHIEF — General Colin L. Powell and his wife, Alma, being embraced by former Vice President Dan Quayle and his wife, Marilyn, at a ceremony in Arlington, Virginia, marking the general's retirement as chairman of the Joint Chiefs of Staff.

6 Days Before War In Korea, the CIA Misread the Signs

By Douglas Jehl
New York Times Service

WASHINGTON — A document released by the Central Intelligence Agency shows that U.S. intelligence agencies failed to recognize that the Korean War was imminent only six days before it began.

Despite a buildup of North Korean troops along the 38th parallel, a formal estimate dated June 19, 1950, and approved by the director of central intelligence at the time, General Walter Bedell Smith, said an invasion of South Korea by North Korea had been put off in favor of a campaign of propaganda and subversion.

Instead, the North Korean forces attacked across the border on June 25 to begin a war that lasted nearly three years, brought the United Nations to the defense of South Korea, and cost the lives of more than 50,000 U.S. soldiers.

The document, known as O.R.E. 18-50, had remained classified as secret since it was drafted 43 years ago. It was released Thursday along with 276 other intelligence estimates, the most important analytical product produced by U.S. intelligence agencies, between 1947 and 1963. The release is part of a new policy of the CIA to open some of its archives.

The early Cold War documents have been transferred to the National Archives, where they are to be made available to scholars for the first time on Monday.

The June 1950 assessment of "Current Capabilities of the Northern Korean Regime" provides a new glimpse of a failure by the CIA, three years after it was established, to recognize warning signs of a surprise attack.

David Gries, current director of the CIA's Center for the Study of Intelligence, describes the document as a "great big wart" on the agency's history.

Yet, among the newly declassified documents, the majority of the assessments proved to be accurate.

They include a prediction Nov. 6, 1956, that the Soviet Union would not intervene in the Suez Crisis; and a judgment Sept. 16, 1958, that it was "unlikely" that China would invade Quemoy or Matsu, the offshore islands the United States had vowed to defend.

An assessment written on March 12, 1953, reflected wariness about the apparent succession of Georgi M. Malenkov to the leadership of the Soviet Union.

It said the death of Stalin eight days earlier "removes an autocrat who, while ruthless and determined to spread Soviet power, did not allow his ambitions to lead him into reckless courses of action in his foreign policy."

The intelligence estimate warned that "it would be unsafe to assume that the new Soviet regime will have Stalin's skill in avoiding general war."

Question of Nuclear Arms
The declassified CIA files also show that U.S. intelligence agen-

Justices' Agenda Is Heavy on Unfinished Civil Rights Cases

By Linda Greenhouse
New York Times Service

WASHINGTON — The Supreme Court's docket for the term that begins Monday is sparse in numbers but heavy with the unfinished business of past years, particularly in the area of civil rights.

The justices will also decide whether the Civil Rights Act of 1991, which Congress passed to overturn a string of Supreme Court decisions that narrowed federal civil rights coverage in 1989, applies retroactively to the thousands of cases that were pending when the new law took effect.

Voting rights cases are also prominent on the court's civil rights agenda. Decisions in cases from Florida and Georgia may show whether the justices meant to embark on a fundamental re-examination of the role of race in electoral politics when they ruled last term that an oddly shaped North Carolina congressional district, drawn to

elect a black representative, was a presumptively unconstitutional racial gerrymander.

The court has so far chosen only 51 cases for argument during the new term, compared with 66 at this time last year and 70 the year before. The current number was even smaller until this week, when the justices met for a day and a half to review the 1,500 new appeals that had accumulated over the summer.

When their conference was over Tuesday, they took the highly unusual step of jumping the gun on the traditional first Monday in October and announced that they had accepted seven new cases for argument.

The early announcement was essentially a housekeeping measure, giving the lawyers a head start in preparing briefs that must be filed on an unusually tight timetable to be ready for argument in early January.

But it underscored the effect of a shrinking docket that the court has never fully explained.

Without the acceleration, the court, which tries to spread its arguments equally throughout the term and had already selected the cases for October through December, faced an awkward dearth of cases that could be fully prepared in time for January arguments. More cases for the following months will be added in the coming weeks.

So far, the docket for the new term bears relatively few criminal cases, no affirmative action cases and no cases on the relationship between church and state, to which the court has paid much attention in the last few years.

The docket is sufficiently narrow, in fact, that it is possible that by the time the term ends in late June, Justice Ginsburg will not

yet have had the chance to express herself on some of the most hotly contested areas of the court's work.

But her influence is likely to be felt widely nonetheless. The court has been closely divided in the civil rights area, for example. Justice Byron White, whom she succeeded, often voted for narrow interpretations of federal anti-discrimination laws, and Justice Ginsburg is likely to cast more liberal votes in those cases.

Her vote could also make an important difference in the criminal area if she chooses a more liberal path than Justice White.

Change has been a constant at the court in recent years, with five new justices since 1986. Retirement rumors are common, but it would surprise few people if Justice Harry Blackmun, 84, and with 23 years' service, the senior associate justice, decides to retire at the end of this term.

AMERICAN TOPICS

Amputation Survivor Wearies of Celebrity

Eighteen months ago, farm machinery tore off both arms of John Wayne Thompson of Hurdfield, North Dakota, just below the shoulder. The youth, then 18, staggered 100 yards to his house, turned the doorknob with his mouth, and phoned for help by punching the numbers with a pen clenched in his teeth. While waiting for an ambulance, he crouched in the bathtub to avoid dripping blood on his mother's carpet. In a five-hour operation, microsurgicons matched up nerves and blood vessels.

When this story of true grit hit the newspapers and air waves, well-wishers raised \$700,000 to help the farm youth get on with his life, and he still has \$500,000 of that.

The Los Angeles Times reports that, after 15 operations, the young man has made a remarkable but hardly total recovery. His forearms do not rotate, and his fingers are curled into claws, unable to grasp. More surgery should enable his hands to open, and further nerve regeneration may make some touch in his fingers. He can do most things for himself, even drive a car.

Short Takes

Chinese restaurants report losing up to 25 percent of their business following a widely publicized study by the Center for Science in the Public Interest, a Washington-based nonprofit consumer group, that found high levels of sodium, fat and cholesterol in some of the most popular Chinese dishes. The restaurateurs are fighting back. In New York, they have printed signs that say, "We at (name of restaurant here) care about your health. Our chefs prepare any order according to your dietary needs and preferences. Try our no-oil steamed dishes with our delicious sauces on the side. Brown rice as an extra charge." Or as Charlie Chiang of suburban Washington put it, "If you want us to hold the sauce, we can. If you want a dish steamed, rather than fried or stir-fried, we can do that."

Various kits, guidebooks and cassette tapes offer instruction in writing do-it-yourself wills. They cost \$15 to \$50, compared with \$100 or more to ask a lawyer to

draw up the will. Are kits a good idea? Perhaps "for a simple will in which everything goes to your spouse or your children," says Arthur W. Murphy, who teaches trusts and estates at the Columbia University Law School. But a lawyer should be consulted for anything complicated — if you own a share in a small business, or want to disinherit your spouse or your children, or if you are married and have children from a previous marriage — or if you are concerned that the will might be challenged.

Despite the train wreck that killed 47 people in Alabama last month, trains are a relatively safe form of travel. According to the U.S. National Center for Health Statistics, 19.2 people out of every 100,000 are killed in automobile accidents each year, compared to 0.5 in airplanes and 0.2 in trains.

Shorter Takes: The card game of Old Maid has been modernized by two Chicago women and is now called Old Bachelor. The women's occupations on the cards also have been updated, for example from librarian or schoolteacher to judge or cardiologist. Or as Charlie Brannaman, who broadcasts games for baseball's Chicago Cubs, announced during a recent tilt in New York, "A lot of good ball games on tomorrow, but we're going to be right here with the Cubs and Mets."

Arthur Higbee

Away From Politics

Control and Prevention reported 62.1 births, up from 59.9 the year before.

• The Federal Trade Commission has charged five large commercial diet programs with engaging in deceptive advertising. Two of the programs, Weight Watchers International, and Jenny Craig, said they intended to fight the charges. Diet Center, Physicians Weight Loss Centers of America and Nutri/System have agreed to settle the complaints under consent agreements.

• A whistle-blower at a Georgia nuclear plant has been awarded \$1 million, to be paid by three co-workers who arranged his dismissal by concocting allegations that he had attacked a supervisor. A jury ruled that the Westinghouse Electric Corp. engineers made up the story to get the colleague fired, then tried to keep him from getting another industry job. AP, NYT, WP, LAT, Reuters

Does giving addicts clean needles help prevent the spread of AIDS? A government study has concluded that it does, and that Washington should finance a significant expansion of such programs.

• Disastrous conditions in schools have not improved four years after a bipartisan panel focused on the problem, education officials have announced. Education Secretary Richard W. Riley said action was needed to progress toward the goals that Republican and Democratic governors, along with the White House, endorsed in 1989.

• The pregnancy rate of American teenagers has risen for the fifth year in a row. For every 1,000 women 15 to 19 in 1991, the Centers for Disease

UN Will Rely on Haitians to Keep Order

By Steven A. Holmes
New York Times Service

WASHINGTON — Despite growing violence, the 1,300-man United Nations mission that is being sent to Haiti will rely on the Haitian troops and policemen to maintain order. Those groups have been held largely responsible for the politically motivated killings in the first place.

American officials and other Western diplomats said the troops and police officers who will make up the UN force would be lightly armed and would have no mandate to stop Haitian soldiers and paramilitary elements from committing atrocities.

"It is not a peacekeeping role," Secretary of Defense Les Aspin said this week. He added, "We are

doing something other than peacekeeping here."

The UN mission, approved last week by the Security Council, is supposed to help pave the way for the return to power of the ousted president, the Reverend Jean-Bertrand Aristide, on Oct. 30.

At full strength, the American portion of the mission will include 140 army and navy construction engineers, 100 army, air force and navy trainers, and 350 logistical, medical and communication specialists. It will not include military policemen. Canada will also contribute about 100 troops and 100 policemen. France will send 100 to 200 policemen.

The military contingent will provide help in building roads, schools and other projects while also providing training to the Haitian Army. The police component will monitor the activity of Haitian policemen for six months and will then provide training, officials said.

The resolution, with its limited role for international troops, is based on an agreement signed in New York in July by Father Aristide and Lieutenant General Raoul Cedras, leader of the coup that overthrew the president. Officials familiar with the agreement said Haitian national sensitivities and aversion to foreign intervention were prime factors in limiting the UN role.

"So any notion that these guys were going to come in and even do a Somalia-like operation where they were policing the streets was

an image that they wanted to avoid," said an official familiar with the negotiations that led to the resolution. "So they have a narrow mandate to be there and rub off on the police and the army, who magically by osmosis are supposed to behave themselves, to conduct themselves more professionally."

Some Haitian experts, including a few in Congress, say they feel such a passive role may not end the violence and allow the Haitians to begin establishing a viable government headed by President Aristide. In addition, these critics said they were concerned that the lightly armed UN personnel would make inviting targets for those who might want to undermine American political support for U.S. troops in Haiti.

"There is no such thing as humanitarian intervention," said Michael Mandelbaum, professor of international relations at Johns Hopkins. "You can't intervene just to relieve suffering because suffering has political causes. Our real choices in Somalia or Bosnia are to stay out or let nature take its course, or stay there and try to help create some reasonable order, with all the pain and costs that that might entail."

In other words, there is no minimalist foreign policy for regions which have only maximalist options.

Where the Clinton team has got into trouble is where it has tried to

POLICY: The Clinton Administration's Plans, in Theory and in Practice

Continued from Page 1
question as clearly and plainly as I can. The United States plans to remain engaged and to lead."

But to the American public and Congress, the speech was less about activism and more about limits on future American peacekeeping abroad. The president put it bluntly: "If the American people are to say yes to UN peacekeeping, the United Nations must know when to say no."

The tension in Mr. Clinton's speech only reflected the ambivalence in the public and congressional moods, which can be summarized as a willingness to pay only some prices, fight only some foes and to bear only some burdens in the defense of freedom, in a time when fears of nuclear war with Moscow have receded. It took only a handful of casualties in Somalia to prompt Congress to pass non-binding resolutions calling on Mr. Clinton to seek approval by Nov. 15 for keeping American troops in Somalia.

The president's natural response in trying to manage this tension is to tell the world that the United States will continue to play its leadership role, while assuring the Congress that he will not send troops to Somalia or any to Bosnia unless a long list of conditions are met, including a clearly stated time when the policy would be reviewed and a clearly stated "right to terminate" if things go badly. The problem is

that such precision and predictability in foreign policy in general, and peacekeeping missions in particular, are impossible.

As former Secretary of State Lawrence S. Eagleburger put it: "If you have a clear exit point in a place like Bosnia, it is like telling all the parties in advance that when our people get killed, we will leave. And that is exactly what the opponents of our presence would like. Instead of reducing the danger to our forces, it invites attack."

An exit point in Bosnia is also impossible to define, Mr. Eagleburger said, because the peacekeeping role there means separating the warring factions, and the minute the United States leaves "they will be back at each other's throats."

If the United States does not want to go into Bosnia, then it should say so and explain it. Mr. Eagleburger said, "But we should not set up a list of unrealistic conditions based on the experience in Somalia," he added. "That is a mistake, and it will send the worst message of all to the rest of the world."

The situation in Russia is another example where the policy of enlargement does not fit the actual choices being faced by the administration. President Boris N. Yeltsin may be at the beginning of a long process in which he will have to use democratic methods to transform Russia.

The real choices for American policy toward Russia, and toward many of the former Soviet republics, are not between enlargement and containment, but between turning a blind eye to some of the methods being used to make the transition to some form of democracy — and to keep the cash aid flowing while they do — or to back away from them when those methods get ugly.

If the Clinton foreign policy is judged not in relation to its speeches, but on the basis of what it really is — a minimalist foreign policy in an age when the American public and president are much more concerned about health care than warheads — it actually has not performed badly at all.

Where the Clinton team has got into trouble is where it has tried to

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Danger in the 'Near Abroad'

The collapse of ex-Soviet Georgia sharpens a tough policy dilemma, Russia has a legitimate interest in the stability of the "near abroad," its border areas in the former Soviet Union; hence its wish to contain the struggles in Georgia and other convulsed places.

Russian president's ouster of the elected, but former Communist-dominated, parliament. But it would be much harder for Washington to keep investing in a Russian leader who was condoning what looked like a policy of re-creating an empire.

Health: Clarifying the Issues

With the first series of congressional hearings on U.S. health care reform now complete, some of the partisan and ideological issues are more sharply defined. But as the Senate minority leader, Bob Dole, told the American Medical Association, anyone who wants to criticize the Clinton plan will have to offer serious alternatives.

ment, he pointed out, and would cost a lot of money. Here he touched one of the central ideas of the Clinton plan — that by spending money in one part of the health care system, the country will save much more elsewhere.

Time to Unplug TV Martí

Will Congress finally ground the blimp in the Florida Keys that relays TV programs to Cuba, where they get the most dissonant ratings? The balloon is operable only in fair weather, its signal is easily jammed by the Castro regime and its broadcasts are beamed only from 3:30 A.M. to 6 A.M. to avoid violating global agreements.

Unfortunately, the House also voted to eliminate funding for Radio Martí, which has found a sizable audience in Cuba for programs broadcast from Washington as part of the Voice of America. The House humped the two together because both TV and radio stations operate under a presidential advisory commission headed by Mr. Mas Canosa, a divisive figure among Cuban exiles.

Gun Control as Good Politics

The times are changing. Candidates favoring gun control have often been so afraid of the issue that they have not even tried to rally the majority favoring limits on firearms trafficking. Now, they are fighting back. This year, two Democratic gubernatorial candidates, Mary Sue Terry in Virginia and Governor Jim Florio in New Jersey, have made a big issue of guns. More than that, they have attacked their opponents for being in the debt of the National Rifle Association.

The gun lobby is doing everything it can to beat Ms. Terry and Mr. Florio, but that would have happened anyway. At least now, supporters of gun control know that they can reward the politicians whom the NRA would punish. Mr. Florio's support for gun control seems to be playing well. A New York Times-WCBS-TV poll released this week showed Mr. Florio pulling well ahead of his Republican opponent, Christine Todd Whitman. The poll found voters favoring the ban on assault rifles by better than 5 to 1, and they said that Mr. Florio's support for stricter gun control was one of the best things he had done as governor.

The Clinton Foreign Policy: From Discretion to Retreat

By Stephen S. Rosenfeld

WASHINGTON — President Bill Clinton has gotten mixed up in his thinking about the United Nations. His attempt to protect himself against the charge that he is giving away American foreign policy has taken him to a place of self-first nationalism that has an isolationist tinge and undercuts his intent to stay internationally engaged.

and saying yes, the administration's policy deliberations are now ensnared. This is how Mr. Clinton comes to back off his earlier enthusiasm for UN ways and to list conditions for U.S. support of peace-keeping so onerous that, applied literally, they could not be met anywhere.

To Accept Greater Serbia Is to Fan the Blaze Ahead

By Anthony Lewis

WASHINGTON — By rejecting terms for the dismemberment of that country, members of the Bosnian parliament have given the West a last chance to understand the consequences of its policy there: a chance to draw back from folly and danger.

pitiable to that menacing phenomenon, extreme nationalism. The danger of nationalism taken too far hardly has to be pointed out. All around the former Soviet Union ethnic excesses have burst into violence or are on the edge. In Germany and France racism acts under the banner of ethnic purity.



Russia: At Bottom, a Financial Feud

By Jude Wanniski

MORRISTOWN, N.J. — Russia's political turmoil comes down to a dispute over public finance. Neither Boris Yeltsin nor his foes in parliament have figured out how to finance the conversion of the Communist system to a market economy.

do what they want, even branch into light industry — if they pay taxes. This has produced enormous increases in productivity and wealth, steadily erasing the relative drag on the economy of the inefficient state enterprises, with no unemployment problem.

Plenty of Russians would prefer the Chinese approach to growth.

governments in Poland and rail all the economies of Eastern Europe. China is the only Communist power to come close to solving this problem, which is why it has the world's fastest-growing economy.

This method involves an austere fiscal policy — higher taxes and slashing of state spending — while the government lets the ruble's value float, along with wages and prices. Three years ago, the World Bank persuaded Mikhail Gorbachev's government to raise the state oil price to 200 rubles per metric ton from 120 to bring it closer to world prices.

A Chance To Show Her Stuff

By Ellen Goodman

BOSTON — O.K., so there were a few moments of high drama. The reason for Hillary's appearance in Congress was a touch breathless: Hillary took the Hill. She came, she spoke, she conquered. She showed them. No, she dazzled them. No, she absolutely knocked their socks off.

They Punish Him for Being a Victim

By Philip Bowling

HONG KONG — When China refuses entry to one of its citizens and confiscates his passport, there is outrage around the world. But when a British citizen is denied the right to fly on the airline that carries his national flag, there are few protests.

committed any crime. To the best of public knowledge, the author has no history of propositioning cabin crew or singing in the aisles. He is not known to be bankrupt or to suffer from any infectious disease. But Mr. Ruschdie is deemed to be an inconvenience to British Airways as Mr. Han is to the Communist Party of China. So he has, metaphorically speaking, been bundled off their flights.

Advertisement for International Herald Tribune, listing contact information for various offices and subscription rates.

ed kids to divorce their parents. The Year of the Woman was a hard year for this political wife. The people who saw Hillary as a heroine thought she should be running for office. The people who disliked her thought she should shut up.

that fills us up and makes us feel we are part of something bigger. Compared to all this, Hillary on the Hill is a much sadder chapter, if not yet an ending. She went to the hearings as "a mother, a wife, a sister, a woman," as well as honcho. She won raves as a politician and policy-woman.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Conquering Nature PARIS — Yet another victory of man over nature? Yet another road for human activity opened up? The mighty Alps, through whose bowels have been cut the Mont Cenis, St. Gotthard and St. Arlberg tunnels, have again been pierced, and a railway will shortly be opened through this center. Not a century ago it was considered a bold undertaking to cross the mountain by road.

1918: Their Just Deserts WASHINGTON, D.C. — In stirring oration President Wilson said yesterday [Oct. 1] to the Senate that enfranchisement of American women is a vital necessity. "The strange revelations of this war having made many things new and plain to Governments as well as to peoples, we are alone to refuse to learn the lesson, are we alone to ask and take the utmost that our women can give, service and sacrifice of every kind, and still say that we do not see that they merit the title that gives them the right to stand by our sides in the guidance of the affairs of their nation and ours? We have made partners of the women in this war. Shall we admit them only to a partnership of suffering and sacrifice and toil and not to a partnership of privilege and right?"

1943: Proud to Serve WITH THE 5TH ARMY IN ITALY — [From our New York edition:] The first unit of American-born Japanese troops to enter overseas combat went into action in the mountains above the Gulf of Salerno today [Sept. 25] — and every one of them was smiling with satisfaction. "They're really anxious to get into action," their commander said. "They feel they've got a chance to prove they're real Americans." The unit was recruited in Hawaii and most of its officers are regular army men who served there. They have taken for their motto "Remember Pearl Harbor."

Large vertical advertisement on the right edge of the page, partially cut off, with text including 'Rape', 'Sharp Split', and 'Move Here'.

ART

Of Candy Bars and Public Art

By Michael Kimmelman
New York Times Service

CHICAGO — There is a new paradigm for public art in the United States. It is not always easy to distinguish from social work, and it is certainly a long way in conception from the old model of "plop" art, with its casual regard for the relationship between sculpture and site.

"Culture in Action." It was sponsored by Sculpture Chicago, supported by money from the National Endowment for the Arts and various private groups and organized by Mary Jane Jacob, an independent curator.

Park and the black neighborhood around Garfield Park. Programs like the one in Chicago highlight many of the knotty questions that the new public art raises. The questions are not only about aesthetics. They are also about the often fine line dividing exploitation and collaboration in the relationships between artists and their communities.



Painter Nyoman Gunarsa at the entrance to his studio in Bali.

In Bali, Painting Set to Music

By Victoria Butler

Bandung, Indonesia — When Nyoman Gunarsa paints, he listens to the gamelan, the "magic voice" of Bali. The drums, flutes and gongs of the Balinese orchestra shower the artist's studio with haunting melodies, vibrant passages and majestic crescendos.

figures. "I like strong lines and strong color," he explains. "Too sweet is not good." He uses thick brushes, then thin brushes and finally a palette knife to add more color. Little dabs of orange, cinnamon and salmon add vibrancy.

he never intended to teach, he has spent the past 27 years training young artists from all over Indonesia. "Teachers give something — some spirit — every day," he says. "I get some spirit back, too. I've had many good and talented students."

Gunarsa creates movement. His expressionistic dancers and puppets seem ready to jump beyond Gunarsa's hand-carved frames and into the studio. The characters from classic tales and traditional dance that inhabit Gunarsa's paintings occupy a larger world. Figures familiar as shadow-puppet personalities that have existed since the dawn of time are re-created in Gunarsa's brush speaking to modern man.

Gunarsa sees his art as a link between traditional Bali and the rest of the world. "I wanted to enrich the art of Bali by giving it movement and making it modern," he explains. "No culture can exist alone and isolated anymore. We must appreciate and understand different cultures."

Gunarsa's son of Bali remains devoted to his own heritage. He is using the financial rewards from his painting to build a museum for classical Balinese art in his native village. The three-story concrete building will house 16th- to 19th-century Balinese paintings. He has been collecting these rare pictures, many drawn on bark paper, for more than a decade.

Victoria Butler is based in Indonesia.



Workers in a factory designed their own chocolate bar and wrapper as part of an \$800,000 art program.

Düsseldorf Video-Art Fire Remains Mystery

By Ferdinand Protzman
New York Times Service

Bonn — The cause of a fire in early September at the Düsseldorf Art Museum that destroyed a large video installation by Nam June Paik and forced the museum to close until next year remains unclear, according to museum officials.

indicate that his video installation was not the cause and also rule out arson. The commission is still investigating the blaze, which was initially believed to have broken out when one of the television sets in Paik's 1985 installation titled "Fish Fries on Ceiling," which he describes as "a matrix of 88 TV sets (14- to 19-inch diagonal) hanging face-down from the ceiling," imploded shortly after the museum closed on Sept. 11.

video monitors, but in the separate electrical wiring and power-supply unit provided by the German sponsors of the Paik work. It then spread to the television sets. The work occupied all of one room on the second floor of Düsseldorf's Ehrenhof cultural center, where the museum's modern collection is housed.

BOOKS

LIAISON: The Gripping Real Story of the Diplomat Spy and the Chinese Opera Star Whose Affair Inspired "M. Butterfly"

female stage roles when younger, was a woman — the mother of Bourisot's supposed Eurasian son, Bertrand. Instead of the ministry calling in Bourisot on some bureaucratic pretext, the counter-spooks decided to make an arrest.

was out of China, was not the Frenchman's son. Bertrand was not even Eurasian, but a Uigur from China's Muslim west whom Shi had bought in babyhood. The headlines (and the subtitle of Joyce Wiedler's "Liaison") spoke of a "French diplomat" who had fallen in love with a "Chinese opera star" who had turned out to be a man.

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He had left school two years before the baccalaureat, the exam that gives entry to the three-year university cycle. He was doubtless more educated than the average American 11th-grader. He would have had philosophy, Latin and a modern language — in his case, English. He had gone to Beijing as a junior clerk in 1964, when the de Gaulle government, having just recognized China, was having difficulty recruiting clerks for the loudly exiled.

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Fantasy and Mirth: Surreal Fun in Leipzig Treasures

International Herald Tribune
PARIS — The great museums of traditional Europe have personalities of their own. Walking down in time from masterpiece to masterpiece is like reading the short-hand story of the culture they belong to. All that matters most aesthetically, with the underlying vision that it reveals, is seen in a flash.

"Masterpieces of the Museum of Fine Arts in Leipzig," at the Petit Palais until Dec. 5, projects a fascinating outline of what Germany sought in two-dimensional art from the Renaissance to the 19th cen-

SOUREN MELIKIAN

tury. Deeply reflective, introspective, intense about aims it up. A feel for the poetic, short flings with the surreal added finishing touches.

The curtain opens, suitably enough, on an unresolved mystery. A small panel of the 1470s, dubbed by 20th-century historians "The Magic of Love," shows a young woman, hardly covered by the transparent muslin drape thrown over her left arm, stepping daintily in a room lighted by large windows. A golden casket shaped like a miniature coffer has its arched lid open to reveal a red heart of ill-defined nature. The naked woman strikes sparks from a flint lighter while squeezing a sponge at the same time to have droplets dribbling.

It is now acknowledged, Inge Suhr writes in the catalogue, that the scene illustrates "themes relating to traditional rites performed on Saint Andrew's eve."

Whatever it illustrates, the demure sweetness of the woman, the white poodle snoozing on a cushion at her feet, a parrot perched on the rim of a silver-gilt tazza and the flowers cut and strewn about on the floor, all create an eerie atmosphere. Time and logic seem to have been suspended. Long regarded as Flemish work from the circle of Van Eyck, it is now seen as German, perhaps Lower Rhenish. It matters little. With its immaculate rendition of detail and limpid colors, it feels like a flight into the world of fairy tales.

The same mood is reflected in some early German drawings. "Saint John the Baptist," sketched in pen and ink with cross-hatching, suggesting a project for a woodcut, stands on an octagonal pedestal. His body sways as he looks down, one eyebrow quizzically raised, at a tiny serpent wriggling 'neath' of the ribbon he holds with one hand while making a benedictory gesture with the other. Heinz Mehnert, Leipzig Museum curator, explains in the catalogue that the priest of the Artemis temple at Ephesus having forced John to drink poison in order to test the powers of God versus non-Christian deities, the saint blessed

the cup. The poison, stripped of its efficacy, turned into a snake.

But none of this accounts for the light touch of sheer fantasy — the saint seems about to dance away and the snake has a Walt Disney feel to it.

This soupçon of surreal fun lingered in the first masterpiece of the exhibition, the portrait of a young woman, cool, with the merest glint of amusement in her pale brown eyes. A cartoon pinned on the wall spells it out in rhyming lines with a matching ring of irony: "Also pin ich gestalt — in schoche vor sint 1497 ("Thus am I shaped — in my 18th year 1497"). Next to her head, a small figure of a turbaned Old Testament prophet carved on top of a slender pillar along the jamb of a stone window frowns astutely in the shadow. It is irresistible.

No one is quite sure who painted this. The portrait is now considered a copy after Dürer, as is another version in Berlin. If a copy, the copier was a genius too. It is a most admirable work.

Dreamy introspection mixed with muted laughter culminates in one of Cranach the Elder's greatest paintings, "Virgin and Child" done in the 1530s. A young woman who has just been feeding her child bends her head with a smile, tender, wistful, painfully tense all at once. In the background a none-too-kind-looking cherub holds up the maroon velvet drape that serves as a backdrop, his lower lip protruding, his eyebrow raised with threatening irony.

There are occasional outbursts of sheer fantasy and mirth. Two extraordinary sheets of animal study reveal a little-known side to Cranach the Younger. Cocks and foxes drawn in light watercolor or hoes sit, jump or stalk in a flat ground lightly tinted in pale salmon pink. At the top, they gather around the lower part of a grilled oval opening, behind which a bird defiantly flaps its wings, safe behind the sturdy bars. In a matching sheet filled with carousing stags, three animals jump out of a similar opening at the top of the sheet. This is a Bambi world with Renaissance verve.

FOR comic effect in a surreal vein, Melchior Feeseler's "Saint George and the Princess," done around 1529, stands alone. The daughter of the King of Libya, who was due to be thrown to the dragon, has been saved by Saint George. She stands as a young German housewife with her neat white lace apron and her rounded bodice leading on a leash an escapee from Jurassic Park. This is the nearest a Renaissance artist got to painting a wedding. Feeseler's sister, she extends her other hand to a kind of "there you are" gesture. Saint George is perched on a huge snail horse with a human expression. He is clad in shining armor but the effect is spoiled by a cap slapped at a rakish angle, a



Anton Heusler's portrait of a bride, oil on panel.

benign bourgeois face and the "there you are" gesture that he too makes.

The opposite side to this strain of jollity is the painting of inner tragedy. The stunning revelation in the show is Anton Heusler's matching portraits of a bride and her betrothed. The young woman, neat and prim in her ornate waistcoat, stares ahead, her lips pressed, her hands clenched. There is a mix of tense apprehension and resignation in the young face. Her husband-to-be may be the explanation. He looks very large in his foppish smock. The bony face that has not entirely shed an adolescent diffidence exudes self-assertiveness.

By the end of the 16th century this great art had spent itself out. The Dutch painters the Germans then bought betry the same fundamental vision. The landscapes they sought are charged with dramatic intensity conveyed by light.

Jakob van Ruisdael's landscape done in 1647, a year after his earliest recorded work, is aglow with light from an unseen sun, hidden behind the trees covering a hillside. Only the tips of plants and trees are touched by the rays, which give them the appearance of luminous tracery hovering over indistinct growth. Tiny humans walk up winding paths in a composition of great complexity that ranks among the master's greatest.

Willem van de Velde's view of sailing boats immobilized on a calm sea stands

equally high in his oeuvre. Streaks of light run across the blackish waters and turn the clouds massed over the horizon into drapes of shimmering pale gold. The sails stand out against this like forms carved by their own shadow.

Greatest of all is Philip Wouwerman's "Dunes," dating from the 1660s. Mounds with tufts of seaside vegetation are swept by the wind. A lurid sunlight comes down here and there on patches of sand, rocks or shrubs from a stormy sky that is a subject in itself. A few people engaged in trivial activities look poor and puny, struggling in a scene of infinite grandeur. The tragic touch is all the more intense as it is suggested through the banality of daily life. No wonder the German collectors loved this.

The tempo falls at the end, in the rooms devoted to the 19th-century Romantic movement, but they hold one surprise. Carl Gustav Carus, who spent most of his life in Dresden, turned his back on the art of his master and friend Caspar David Friedrich, to paint small landscapes from nature, understated and delicately vibrant. A view of a line of trees beyond a vast expanse of brown earth with pale purplish hills in the distance, dated 1834, is a small masterpiece that relates to little else. One is reminded of Corot's evolution at the same time in France. It was the swan song of German painting before it sank for good into the morass of Revivalism.

A New Look at Modigliani 400 Early Drawings on View in Venice

By Roderick Conway Morris
International Herald Tribune

VENICE — Amadeo Modigliani's family knew nothing of his childhood dream to become a painter until, in 1896, the 14-year-old boy spoke of it while delirious with typhoid fever. "When you are cured," his mother promised him, "I shall get you a drawing master." The pledge was kept, though this cultured but impoverished Jewish household in Livorno could scarcely afford such a luxury.

Two years later, Modigliani was diagnosed as suffering from incurable tuberculosis — yet, sustained by the conviction that the day would come when he would be appreciated for his true worth, he managed to keep the disease at bay before succumbing to it at the age of 36.

His early death and the originality and oddity of his vision doomed Modigliani to posthumous recognition — and his reputation has since been repeatedly undermined by a plethora of fakes.

The showing, at the Palazzo Grassi on the Grand Canal, of more than 400 privately owned Modigliani drawings, only a handful of which have ever been seen by art historians and experts, let alone the general public, is a sensational event. Given the sheer size of the collection (it more or less doubles the total of known Modigliani drawings) and the exceptional quality of many of the works, it will demand a substantial reassessment of the artist's oeuvre.

Dating from 1906, when Modigliani moved to Paris, until the outbreak of World War I, the collection offers a fascinating picture of a young artist's ceaseless experimentation — inspired by models as diverse as Greek, African, Indian and Cambodian art — and a series, especially in the realm of the nude and portraits, of stunningly accomplished studies that reveal Modigliani's consummate artistry even in this formative period (and indeed show that his distinctive style was established far earlier than has hitherto been evident).

HARDLY surprisingly institutions worldwide have been lining up to host the exhibition when it closes in Venice on Jan. 4. It is already scheduled to go on to the Royal Academy in London, the Ludwig Museum in Cologne, the Centro de Arte Reina Sofia in Madrid, the Royal Museum in Tokyo and the Metropolitan in New York (among others) — each of which will have the opportunity to display a selection of about 200 drawings. Accordingly, many of the works will be shown for two years or more — from the conservation point of view an excessively long time, particularly for drawings often done



A Modigliani nude from the Alexandre collection.

on cheap paper, and sometimes on both sides, on account of Modigliani's chronic impetuosity.

Soon after Modigliani's arrival in Paris in 1906 he was befriended by Paul Alexandre, a young doctor with a love of art and the company of artists. Alexandre's clinic was in Montmartre and he used his modest means to rent a run-down house nearby (since demolished) at 7 Rue du Delta to offer living and studio space to penniless artists. Modigliani set up shop there in 1907.

"I was struck straight away by his extraordinary talent," recorded Alexandre before his death in 1968, "and I wanted to do something for him. I bought his drawings and paintings, but I was his only buyer, and I was not rich."

For all his efforts to promote his friend, Alexandre (and his family, all of whom had their portraits painted by Modigliani) remained the Italian's sole patron until 1914, when the doctor went off to serve at the front — buying during these years of the artist's deepest obscurity almost everything he produced.

Alexandre was not a collector in the conventional sense, and though

he bought the works of one or two other artists, Modigliani's works remained the only substantial acquisitions he ever made. After the artist's death it was Alexandre's intention to write a book about his friend — particularly with the aim of contradicting the exaggerated picture, which became ever more lurid with the passing years, of Modigliani's dissolute bohemianism — meanwhile declining with rare exceptions to show or allow the publication of any of the drawings in his collection.

Alexandre's book never came to fruition, and the task was inherited by his younger son, Noël, a historian with a career and many interests of his own. Noël Alexandre has finally succeeded in completing a sumptuous book containing all the previously unpublished drawings with an introductory section illustrated with letters, documents and photographs from his father's archive. The upshot is that what is on show now is the exhibition of the catalogue, rather than the other way round.

THIS topsy-turvy modus operandi has been an alarming experience for the art world, especially in view of the quantity of Modigliani fakes at large. But none of the curators or cognoscenti I spoke to at the opening expressed doubts as to the drawings' authenticity.

"Normally," said a drawings curator whose institution is one of those that will be showing a selection of the works, and who preferred not to be named, "one would expect the works to be studied carefully before being exhibited. In this case, exactly the opposite is happening, and we're only able to get a close look at them now they're on show."

Another curator said: "There are still many mysteries about this collection. To exhibit works for the first time like this is quite extraordinary. This is just the beginning — art historians will be studying these pictures for years to come."

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Room 10 at 2 p.m. FURNITURE & OBJECTS D'ART, MILLON-ROBERT, 19, rue de la Grange Basseille 75009 PARIS. Tel.: (1) 48.00.99.44 - Fax: (1) 48.00.98.58.
Room 5 & 6 at 8:30 p.m. IMPORTANT ABSTRACT & CONTEMPORARY PAINTINGS, SCULPTURES. From private collection and by court order. Collection: M.C. ADAMI, AGAM, ALCHINSKY, ARMAN, ARNOY, APPEL, ATLAN, BAJ, BOETTI, BOUYANSKI, CALDER, CÉSAR, CHAUSSE, CHAMBERLAIN, CHIA, CHU-TEN-CHUN, CORNELIUS, CUCCHI, DEGOTTI, DEYROLLE, DIETMAN, DOMINGUEZ, ERRO, ESTEVE, FAUTRIER, G. FRIEDMANN, GRUBER, HANTAL, HARTUNG, HUNDERTWASSER, KUDO, LANSOBY, MANZONI, MASSON, MATHEU, POLLAKOFF, RAYSSÉ, RHEE, KOFFELE, SCHROEDER-SCHNEIDERMAN, SZAFRAN, TAL COAT, TAPES, UNO LEE, VAN VELDE, J. WALDBERG, ZAO WOU-KI. On view at the auctioneer's office: Monday 4 Friday 8 October, 10 a.m. - 1 p.m. & 2-6 p.m. Saturday 9 & Sunday 10 October 11 a.m. - 6 p.m. Monday 11 & Tuesday 12 October from 10 a.m. - 1 p.m. & 2 p.m. - 6 p.m. At Hotel Drouot, Thursday 14 October 11 a.m. - 6 p.m. Catalogue on request at the auctioneer's office: FF.100, with postage, FF.120 LOUDNER 7, rue Rossini 75009 PARIS. Tel.: (1) 44.79.50.50 - Fax: (1) 44.79.50.51.
Monday, October 18
Room 11 at 2 p.m. POSTERS, MILLON-ROBERT, 19, rue de la Grange Basseille 75009 PARIS. Tel.: (1) 48.00.99.44 - Fax: (1) 48.00.98.58.
Room 4 at 2 p.m. and Tuesday, 19 October, OTTAVI SAMPOLO COLLECTION of the Capitelli Museum, exceptional sale of orders of Knighthood from all over the world, 19th century to the present. Ribeyre-Baron, 5, rue de Provence 75009 PARIS. Tel.: 42.46.00.77 - Fax: (1) 45.23.22.92.
Wednesday, October 20
Room 4 at 2:15 p.m. DRAWINGS AND OLD & MODERN PAINTINGS, 18th & 19th Century FURNITURES AND OBJECTS D'ART, EARthenWARE & PORCELAIN, CARPETS AND TAPESTRIES, BELORME, 14 Ave. de Messine 75008 PARIS. Tel.: (1) 45.62.51.15 - Fax: (1) 45.62.29.20.

Stocks Find Comfort In Economic News

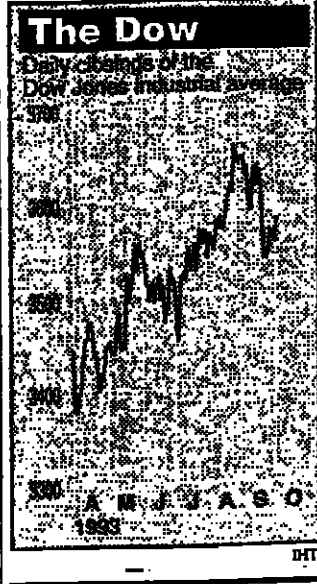
NEW YORK — The Dow Jones industrial average closed Friday at 3,581.11, up 1.11 points from its previous close. The gain was the first since Sept. 15, when the index fell 1.11 points to 3,580.00. The reason for the gain was a report from the Commerce Department that the economy grew 0.9 percent in August, up from 0.8 percent in July. The report also showed that the economy grew 1.1 percent in the second half of the year, up from 1.0 percent in the first half. The Commerce Department also reported that the economy grew 1.1 percent in the third quarter, up from 1.0 percent in the second quarter. The report also showed that the economy grew 1.1 percent in the third quarter, up from 1.0 percent in the second quarter. The report also showed that the economy grew 1.1 percent in the third quarter, up from 1.0 percent in the second quarter.

U.S. Data Disappoints Holders of Dollars

NEW YORK — The dollar fell Friday in trading amid lukewarm economic news. Corporate and institutional customers followed interbank dealers in selling off their long dollar positions. The National Association of Purchasing Management said its index of economic activity rose only slightly, from 49.3 percent in August to 49.7 percent in September. Analysts said the weak manufacturing data dampened enthusiasm in the market following a report that the Commerce Department's Composite Index of Leading Indicators rose 1.0 percent in August. "Too many people got too bullish about the U.S. economy this week," said Thomas Benfer, senior corporate market representative at the Bank of Montreal. "The market got ahead of itself."

WV Seeks to Save SEAT Plant

BERLIN — Volkswagen AG said Friday after its chairman met Spanish automakers' representatives that it would try to avoid closing a factory belonging to its troubled Spanish subsidiary, SEAT SA. The chairman, Ferdinand Piech, met Spanish union leaders at VW's headquarters in Wolfsburg to discuss ways of stemming heavy losses at SEAT. Mr. Piech promised that the SEAT brand name would be maintained but said that a restructuring was urgently needed. VW said SEAT managers would negotiate with worker representatives "to assure the future of SEAT and, in particular, its Zona Franca factory where the situation is critical." That plant, in Barcelona, employs 9,000 workers.



NYSE Most Active

Table with columns: Vol., High, Low, Close, Chg. Lists various stocks and their trading volumes and price changes.

AMEX Most Active

Table with columns: Vol., High, Low, Close, Chg. Lists various stocks and their trading volumes and price changes.

NYSE Diary

Table with columns: Class, Prev., High, Low, Close, Chg. Lists market classes and their previous, high, low, close, and change values.

Amex Diary

Table with columns: Class, Prev., High, Low, Close, Chg. Lists market classes and their previous, high, low, close, and change values.

NASDAQ Diary

Table with columns: Class, Prev., High, Low, Close, Chg. Lists market classes and their previous, high, low, close, and change values.

Dow Jones Averages table with columns: Open, High, Low, Close, Chg. Lists various market averages and their values.

Standard & Poor's Indexes table with columns: High, Low, Close, Chg. Lists various S&P index values.

NYSE Indexes table with columns: High, Low, Close, Chg. Lists various NYSE index values.

NASDAQ Indexes table with columns: High, Low, Close, Chg. Lists various NASDAQ index values.

AMEX Stock Index table with columns: High, Low, Close, Chg. Lists AMEX stock index values.

Dow Jones Bond Averages table with columns: Class, Chg. Lists various bond averages and their changes.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE 4 a.m. volume, NYSE 4 a.m. volume. Lists market sales data.

N.Y.S.E. Odd-Lot Trading table with columns: Buy, Sell, Short. Lists odd-lot trading data.

NYSE Diary table with columns: Class, Prev., High, Low, Close, Chg. Lists market classes and their previous, high, low, close, and change values.

Amex Diary table with columns: Class, Prev., High, Low, Close, Chg. Lists market classes and their previous, high, low, close, and change values.

NASDAQ Diary table with columns: Class, Prev., High, Low, Close, Chg. Lists market classes and their previous, high, low, close, and change values.

EUROPEAN FUTURES table with columns: Class, High, Low, Prev., Close. Lists European futures data.

Food table with columns: Class, High, Low, Prev., Close. Lists food futures data.

Metals table with columns: Class, High, Low, Prev., Close. Lists metals futures data.

Financial table with columns: Class, High, Low, Prev., Close. Lists financial futures data.

Grains table with columns: Class, High, Low, Prev., Close. Lists grains futures data.

Livestock table with columns: Class, High, Low, Prev., Close. Lists livestock futures data.

Food table with columns: Class, High, Low, Prev., Close. Lists food futures data.

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Industrials table with columns: Class, High, Low, Prev., Close. Lists industrial futures data.

Stock Indexes table with columns: Class, High, Low, Prev., Close. Lists stock index futures data.

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Economy Picks Up, but It's No Boom

WASHINGTON (AP) — The government's chief economic forecasting gauge recorded its most solid gain of the year in August, suggesting an improving though hardly booming third quarter for 1993. The Index of Leading Indicators jumped 1 percent in August, flashing its most positive sign since the recession, the Commerce Department said Friday. It was the third consecutive gain, following slight gains of 0.1 percent in both June and July. The index also increased 0.9 percent during the month, pulled higher by a 1.1 percent gain in the services sector. And a private survey of corporate purchasing managers also continued but slow improvement in manufacturing in September. The National Association of Purchasing Management's survey showed a 1.1 percent gain in August, up from 0.9 percent in July.

NCR Offers 5,500 Early Retirement

DAYTON, Ohio (AP) — American Telephone & Telegraph Co.'s company said Friday that it had instituted an early retirement plan for 5,500 employees with 10 years of service. Eligible employees will be offered \$20,000 in cash and enhanced pension benefits if they notify NCR between Nov. 1 and Dec. 17 of their intent to retire. The approximately 27,000 people employed by NCR in the United States, about 5,500 are eligible for the program, the company said. If each of those workers took early retirement, it would mean a cash payout of \$165 million, but a spokeswoman said she did not know the total effect on the bottom line. (Reuters, Knight-Ridder)

New England Telephone Trims Jobs

BOSTON (Bloomberg) — New England Telephone Co. will slash about 1,200 jobs, or 5.5 percent of its workforce, by early next year as part of a restructuring aimed at eliminating "several thousand" employees by 1997, a published report said Friday. Bracing for an onslaught of competition in its core phone business Nynex Corp., the White Plains, New York-based parent of New England Telephone and New York Telephone, said it would likely begin trimming 15,000 to 25,000 jobs within 18 months, the Boston Globe said.

Boeing Will Delay 5,000 Cuts to 1994

SEATTLE (Bloomberg) — Boeing Co. said Friday that it would delay 5,000 job cuts in Washington and Kansas, originally expected this year until the first half of 1994. In January, Boeing announced plans to eliminate about 20 percent of its workforce, or 28,000 jobs, into mid-1994, with about 23,000 cuts in 1993. Now, it expects to cut about 18,000 positions this year.

Armo to Sell Worldwide Grinding

PARSIPPANY, New Jersey (Combined Dispatches) — Armo Inc. said Friday that it agreed to sell its Worldwide Grinding Systems asset for \$113 million and that it would take a \$205 million third-quarter charge to cover losses associated with the unit and others it hopes to sell. Worldwide Grinding, based in Kansas City, Missouri, will be sold to Leggett & Platt Inc. for \$113 million. Armo said it will receive \$80 million in cash and a \$33 million note from Leggett & Platt. The deal will cover the disposal of certain businesses in Armo's other steel and fabricated products segment. Armo's \$40 million is related to the sale of Worldwide Grinding and \$15 million Armo's Brazilian steel and strip operation. (Bloomberg, Knight-Ridder)

For the Record

William L. Koch, the investor who won the America's Cup yacht race last year, says he no longer will pursue efforts to buy Metro-Goldwyn Mayer after he was rebuffed by Credit Lyonnais. News America Publishing Inc., a subsidiary of Rupert Murdoch's News Corp., said it had completed its purchase of the New York Post. Chrysler Corp. and the United Auto Workers reached a tentative three-year agreement following the framework of the accord reached with Ford Motor Co. two weeks ago.

WORLD STOCK MARKETS

Table with columns: Class, Prev., High, Low, Close, Chg. Lists world stock market data for various countries and indices.

U.S. FUTURES

Table with columns: Class, High, Low, Prev., Close, Chg. Lists U.S. futures data for various commodities and indices.

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Large advertisement on the right side of the page, featuring the text 'AT THE CLOSE' and 'N.A.S.D.A.C.' with various financial and market-related graphics and text.

Bill Slashes Holiday Pay In Germany By a Fifth

Compiled by Our Staff From Dispatches

BONN — The Bundestag voted Friday to cut all salaries by 20 percent for the 10 holidays observed throughout Germany to help finance a new benefits plan for the elderly.

The governing center-right coalition used its majority in the lower house of the legislature to push through the bill by a vote of 287 to 191. There were 15 abstentions.

The law does not need approval by the Bundesrat, the upper chamber dominated by the Social Democrats. It will take effect Jan. 1.

Workers who do not want to give up full salary for holidays will have the option of sacrificing two vacation days instead.

Unions have threatened to hold strikes if the law is implemented. The legislation also faces constitutional challenges.

Labor Minister Norbert Blum recalled the move a "small wage reduction." He said it would mean a monthly net loss of 18 Deutsche marks (\$11) for West Germans and 13 DM for East Germans.

The law also requires employees to supply their employer with a medical certificate for the first day of absence instead of the third.

The law is intended to compensate companies for contributions to a new insurance plan that will provide long-term nursing care for Germany's elderly.

The Social Democrats have threatened to block the nursing care law. (AP, Reuters, Bloomberg)

Swiss Banks to Blare All Ban on Broadcast Advertising Is Lifted

Bloomberg Business News

ZURICH — Switzerland's banks, famed for secrecy, are about to embark on an activity that seems the antithesis of discretion: broadcast advertising.

After a clever campaign by two of the country's leading banks, the Swiss Bankers Association on Sept. 23 adopted regulations that next year will allow its 550 member banks to promote their financial services on television and radio.

For a long time, bankers here resisted modernizing the Swiss policies that had been designed to minimize competition among them. But in the last three years, they have begun to break out of their self-imposed restraints as deregulation of banking has made competition all but unavoidable.

"Our research shows that if you're not in the market with strong product advertising in both print and broadcast media, recognition sinks," said Helmut Reincke, a spokesman for Credit Suisse in Zurich.

The TV ad ban was one of the last remnants of an era in which Swiss banks operated as a cartel. Under the umbrella of the bankers' association, they collaborated on everything from interest rates to custody fees.

In 1990, the Swiss government's cartel commission pressured the banking industry to deregulate, which it has done to a large extent. But bankers balked when it came to loosening the advertising rules.

Under the old rules, bank ad-

vertising was restricted to print media and billboards. Sponsorship of events was allowed, but usually after consultation with other banks, executives said.

Only the bankers association could advertise on television. Its mission was to promote the industry as a whole and improve its public image.

But with the deregulation of the banking industry, the banks were able to become more active in retail banking, which had been a less competitive activity. To lure retail customers, they believed they needed to advertise on TV and radio.

"The old policy couldn't be reconciled with a free-market economy."

Swiss Bank Corp. is an active sponsor of winter sports events, UBS of track and field, and Credit Suisse of cycling events and the Swiss national soccer league.

Nevertheless, the bankers' association board did hold onto some restrictions that it hoped would nurture the genteel, reserved image it has tried to cultivate for Swiss banking.

A bank still may not compare its products or services with those of a competitor.

ers to a coming newspaper insert on new savings services. The UBS name, although featured in the actual insert, was concealed in the TV ad so as not to violate the banking association's rules.

Credit Suisse soon followed with similar anonymous ads to promote its telephone banking service. The spots showed men in a convertible, a man on water skis and a woman walking her dog, all doing their banking by phone. Behind the people was a wall with a phone number for more information. The Credit Suisse name was not featured.

But the message behind the two big banks' ads hit home. Recognizing that market conditions warranted a change, the bankers association this summer announced that it would probably lift the TV ad ban. Its executive board did just that at its annual meeting in Lugano last week.

Starting Jan. 1, banks can run TV spots in Switzerland and around the world. They also can continue to sponsor televised sporting and cultural events.

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A bank still may not compare its products or services with those of a competitor.

Usinor Reports A Bigger Loss, Sees No Upturn

Compiled by Our Staff From Dispatches

PARIS — Usinor Sidor SA, the world's second-largest steel producer, said Friday that it had a first-half loss of 2.6 billion francs (\$459.1 million) amid poor demand and weak prices.

The state-controlled company added that it expected no significant improvement in its second-half 1993 results.

Usinor Sidor's loss for the January-June period included a restructuring charge of 2.2 billion francs related to the bankruptcy of its German subsidiary Saarstahl AG. Usinor Sidor had a net loss of 200 million francs in the first half of 1992.

Prices for steel fell 12 percent to 22.98 billion francs. The state-owned aeronautics group said new orders rose 11.5 percent to 17.5 billion francs despite "depressed" market conditions. But the new orders do not take into account the cancellation of orders worth 4.0 billion francs that came into force in July.

The loss included a charge of 640 million francs for a plan to cut 2,240 jobs next year.

The group said the sales decline reflected a marked drop in both volume and steel prices. Prices of ordinary steel "generally reached a low point during the first half but have displayed an uptrend in the last few months," it said, though the recovery remained insufficient.

The group said that only its stainless-steel business was profitable, and that was due to results from its American subsidiary, J&L Specialty Products Corp.

Usinor Sidor cut its debt to 27 billion francs as of June 30 from

Deficit Widens At Aerospatiale

Compiled by Our Staff From Dispatches

PARIS — Aerospatiale said Friday that its net loss had widened to 870 million francs (\$153.6 million) in the first half of 1993 from 477 million francs a year earlier.

Sales fell 12 percent to 22.98 billion francs. The state-owned aeronautics group said new orders rose 11.5 percent to 17.5 billion francs despite "depressed" market conditions. But the new orders do not take into account the cancellation of orders worth 4.0 billion francs that came into force in July.

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The group said that only its stainless-steel business was profitable, and that was due to results from its American subsidiary, J&L Specialty Products Corp.

Usinor Sidor cut its debt to 27 billion francs as of June 30 from

29.5 billion francs at the end of 1992 year and plans to reduce it further by the end of the year.

Based on steel output in 1992, Usinor Sidor was second in the world to Nippon Steel of Japan, according to Christopher Plummer, an analyst at Resource Strategies Inc. in Exton, Pennsylvania.

(AP, AFP, Reuters)

Investor's Europe

Exchange	Index	Friday Close	Prev. Close	Change
Amsterdam	CBS Trend	125.20	124.50	+0.56
Brussels	Stock Index	6,680.43	6,600.80	+1.21
Frankfurt	DAX	1,912.09	1,915.71	-0.19
Frankfurt	FAZ	734.75	734.74	+0.00
Helsinki	HEX	1,407.90	1,410.24	-0.17
London	Financial Times 30	2,312.60	2,318.20	-0.24
London	FTSE 100	3,039.30	3,037.50	+0.06
Madrid	General Index	286.20	287.61	-0.49
Milan	MIIB	1,307.00	1,311.00	-0.31
Paris	CAC 40	2,116.72	2,114.63	+0.16
Stockholm	Affarsvaerlden	1,588.75	1,585.70	+0.19
Vienna	Stock Index	420.38	420.28	+0.02
Zurich	SBS	848.00	849.00	-0.12

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- Swiss Reinsurance, the world's second-largest reinsurer, said 1992 net profit rose 5.6 percent to 291 million francs (\$204 million); gross premium income climbed 25.6 percent to 21.9 billion francs.
- Germany's constitutional court confirmed that it would announce a ruling on the European Community's union treaty on Oct. 12.
- France's trade surplus narrowed in June as exports fell to 4.4 billion francs (\$777 million), after a record 10.9 billion francs in May.
- Robert Bosch GmbH, the German car parts supplier, has agreed with its employees' council on a plan that would save up to 250 million DM (\$154 million) in labor costs.
- Banesto SA said its industrial holding company, La Corporacion Banesto, sold a 27 percent stake in Acerinox SA, a steel company, for 23.7 billion pesetas (\$180 million), leaving it with an 8 percent holding.
- Sweden's finance minister, Anne Wibble, lifted the budget deficit forecast for the year that ends June 30 from 190 billion kronor (\$23.6 billion) to 215 billion kronor, due mainly to the costs of bailing out troubled banks and payments rolled over from fiscal 1993.

Bloomberg, Anglo-Ruider, Reuters

Tietmeyer Starts Tenure on Anti-Inflation Note

Compiled by Our Staff From Dispatches

FRANKFURT — The new Bundesbank president, Hans Tietmeyer, pledged to continue the anti-inflationary policies of his predecessor, Helmut Schlesinger, at a ceremony Friday marking the changing of the guard at Europe's most powerful central bank.

Mr. Tietmeyer told an audience of financial and political leaders from Germany and the rest of Europe that he was personally persuaded of the need to uphold monetary stability.

Guaranteeing the stability of the Deutsche mark, he said, was "not simply a pressing legal obligation but also my personal conviction."

Mr. Tietmeyer made it clear that the bank would not abandon its responsibility for the mark's stability for the sake of a European monetary union that did not yet exist.

"Even today, we in the Bundesbank certainly think on European lines," he said. "We cannot, however, be a central bank for Europe."

At the same time, he sought to reassure Germany's economic partners that "the central bank council is also not a club of one-sided anti-inflationary fanatics." The Bundesbank's determination to defend the mark is in addition to, not at odds with, its commitment to the goal of European integration, he said.

For his part, Mr. Schlesinger defended his record as head of the central bank, conceding that inflation was still too high at around 4 percent but asserting that it was on its way down. More important, he said, the mark had remained stable despite the massive financial and other challenges posed by German unification since 1990.

At the ceremony in Frankfurt's Botanical Gardens, Chancellor Helmut Kohl paid a warm

tribute to the policies that had given Mr. Schlesinger the title "Mr. D-Mark."

It was because of Mr. Schlesinger's efforts that the mark was one of the most important reserve currencies in the world and the anchor currency in the European Monetary System, Mr. Kohl said.

Mr. Tietmeyer was state secretary at the Finance Ministry for most of the 1980s and represented the government in many important international negotiations. He moved to the Bundesbank in 1989 but was quickly brought back to Bonn as Mr. Kohl's personal adviser on German monetary union, which paved the way to political unification of the former East and West Germany in 1990.

Initially a member of the Bundesbank's directorate, he was appointed deputy president in 1991.

Hanson Resizes Quantum A Day After Acquiring It

Compiled by Our Staff From Dispatches

LONDON — Hanson PLC split Quantum Chemical Corp. into two autonomous units on Friday, a day after acquiring the New York company for \$3.3 billion.

Quantum also announced that it was redeeming \$1.15 billion in relatively high-interest debt, with rates ranging from 8.875 percent to 11 percent, on Oct. 30.

Hanson announced new management for the Quantum unit, to be renamed Quantum Chemical Co. and Suburban Propane Co. The swift changes stirred speculation that the propane division will be sold off.

Hanson's stock rose 4 pence to 254 pence in heavy trading. Analysis said Hoare Govett was believed to have boosted its pretax profit forecast for Hanson for the year to September 1994 to £1.23 billion (\$1.84 billion).

(AP, Reuters)

Belgium Won't Float Franc

Reuters

BRUSSELS — The Belgian central bank denied Friday that it would let the franc float freely, countering market rumors that had sent short-term interest rates lower.

Belgium's strong currency policy, whereby the central bank aims to keep the franc close to the Deutsche mark, has come under pressure since the loosening of currency fluctuation bands in the European Community's exchange-rate mechanism in August.

Some dealers said they believed the policy had been abandoned after the central bank trimmed its key overnight money market rate by 0.1 percentage point Thursday.

But a spokesman for the central bank said: "There is no change at all in the policy of the bank. There is no question of letting the Belgian franc float."

The franc softened to 21.63 against the mark from 21.61. Three-month Treasury bill interest rates dipped under 9 percent for the first time in several weeks but then rose back above that level.

NASDAQ

Thursday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	100s	High	Low	Latest	Chg
12.50	11.00	IBM	4.00	3.5	15	100	115.00	110.00	112.00	+2.00
10.00	8.50	Microsoft	0.00	0	15	100	95.00	90.00	92.00	+2.00
8.00	7.00	Oracle	0.00	0	15	100	75.00	70.00	72.00	+2.00
6.00	5.00	Sun	0.00	0	15	100	55.00	50.00	52.00	+2.00
5.00	4.00	Intel	0.00	0	15	100	45.00	40.00	42.00	+2.00
4.00	3.00	HP	0.00	0	15	100	35.00	30.00	32.00	+2.00
3.00	2.00	Motorola	0.00	0	15	100	25.00	20.00	22.00	+2.00
2.00	1.50	Texas Instruments	0.00	0	15	100	15.00	10.00	12.00	+2.00
1.50	1.00	AMD	0.00	0	15	100	10.00	5.00	8.00	+3.00
1.00	0.50	Advanced Micro Devices	0.00	0	15	100	5.00	0.00	3.00	+3.00
0.50	0.00	Applied Microelectronics	0.00	0	15	100	0.00	0.00	1.00	+1.00
0.00	0.00	Chips	0.00	0	15	100	0.00	0.00	0.00	0.00

NYSE

Thursday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

Sales figures are unaffected. Yearly sales and loss reflect the previous 24 weeks plus the current week, but not the latest trading day, where a split or stock dividend amounting to 25 percent or more has been paid. The year's high-low range and percent of change are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distributions based on:

- a - dividend rate of dividend plus stock dividends
- b - annual rate of dividend plus stock dividends
- c - liquidating dividend
- d - called
- e - new yearly low
- f - dividend declared or paid in preceding 12 months
- g - dividend in Commodity funds, subject to 15% non-residence
- h - dividend declared or paid in preceding 12 months
- i - dividend declared or paid this year, omitted, deferred, or no action taken or latest dividend meeting
- j - dividend declared or paid this year, on an accumulative issue with dividends in arrears
- k - new issue in the past 24 weeks. The high-low range begins with the start of trading.
- l - next day delivery
- m - price-earnings ratio
- n - dividend declared or paid in preceding 12 months, plus stock dividend
- o - stock split. Dividend begins with date of split.
- p - dividend paid in stock in preceding 12 months, estimated cash value as ex-dividend or ex-distribution date.
- q - new yearly high
- r - trading halted
- s - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies
- t - when distributed
- u - when issued
- v - with warrants
- w - ex-dividend or ex-rights
- x - without warrants
- y - ex-dividend and sales in full
- z - sales in full

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
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12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close
12 Month	High	Low	Close	Div	Yield	PE	High	Low	Close

AS - American Dollars; AU - Australian Dollars; BF - Belgian Francs; CA - Canadian Dollars; DM - Deutsche Marks; FF - French Francs; GB - British Pounds; HK - Hong Kong Dollars; L - Luxembourg Francs; P - Pounds; S - Singapore Dollars; SF - Swiss Francs; Y - Yen; Z - Zairean Shillings. * - Not Commissions; ** - Not registered with regulatory authority. Available exchange; * - managed with; ** - not registered with regulatory authority.

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Boom Is On for H.K. Derivatives Well-Paid Specialists Pile Into the Growing Game

By Kevin Murphy
International Herald Tribune

HONG KONG — This Hong Kong bet requires no hedging. In the scramble to develop Asia's fastest growing financial market, derivative securities specialists are getting rich. "When I wanted someone to offer me a price on a call option on the Thailand market a year ago, few people would do it," said Renu Bhatia, a fund manager with Wardley Investment Services Ltd.

She was referring to a "synthetic" unlisted derivative created by merchant banks to limit the potential downside in holding a position in Thai equities.

"Now 15 brokers will make a price and there are more new people out there all the time," said Miss Bhatia, who invests in Asian equity-linked derivatives, such as futures and index options.

These instruments are among a growing range of financial contracts whose value is designed to track the return on stocks, bonds, currencies or other benchmarks.

Long a market where equities have been king and debt markets slow to develop, Hong Kong, like most Asian markets outside Japan, traditionally shunned anything more exotic than warrants attached to individual stocks and futures on the Hang Seng Index.

Now a host of investment alternatives is available in an over-the-counter market where merchant banks are falling over themselves to offer new products and fund managers are becoming more adventurous with their hedges.

"We've seen a definite growth in interest in derivative products as American banks and institutions used to hedging and gearing their investments have increased their exposure in Hong Kong," said Wesley McDade, a spokesman for Hong Kong's Securities and Futures Commission.

Big U.S. securities houses offering the sophisticated instruments now commonplace in European and American markets have led the push in Hong Kong. But European firms and several local brokerages are seeking to match them — touching off a sellers' market for top professionals.

"We think there's a lot of opportunity here across each of the product lines," said Howard Pollack, managing director of Lehman Brothers Asia Ltd. "The market will grow rapidly, not just in products seen in U.S. and

only a handful of good people around and they are immensely difficult to find." Experienced quantitative analysts and specialist dealers earn a minimum of \$250,000 a year.

"The best people won't leave the established firms," Mr. Wan said.

"The smaller firms don't have the support the top people need," meaning math experts and the like, he said, "and the indigenous firms don't have the operational capabilities to do a lot of this work yet."

But is there enough room for all the new players? "If a lot of people charge into the market, eventually there will be a fallout," Mr. Goonellake said. "Good risk management and distribution capability will be the key to performance."

Of the increasing competition, Mr. Pollack said: "In the equity side of the business, there are many local people who're doing well. On the debt side, the American firms will probably do very well. Asian currency debt swap business will grow as currency markets internationalize, but it's still some way off."

The over-the-counter market for derivative products will face some challenge from publicly traded instruments slated for exchanges across Asia. But even with that change, Hong Kong will likely be the regional derivatives hub.

"A critical mass of firms and individuals who can structure derivative products and trade them is clustering here in Hong Kong," said Robert McBeth, executive director of NatWest Capital Markets. "That is something that won't be replicated around Asia."

Trading volumes in Hang Seng index options, which began in March, provide a glimpse of the new demand for derivative products. Average daily volume has risen from 681 lots in its first month to 1,500 in September.

Europe, but with some tailored to local needs. The competition is wide open.

"It's somewhat a function of a bull market," said Sunimal Goonellake of Peregrine Derivatives, which is based in Hong Kong. "People are keen to look at new ideas. Fund managers are more open-minded than in Europe, I'd say."

The rush to assemble top-flight derivatives teams to meet growing market needs has prompted international firms to import executives from New York, London and Tokyo. Poaching, too, is filling out expanded rosters.

"Some people are making disproportionately large salaries," said Samuel Wan, managing director of Norman Broadbent (HK) Ltd., an executive search group. "There are

only a handful of good people around and they are immensely difficult to find."

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Pressure on Jobs Is Expected to Deepen in Japan

TOKYO — Japan's job seekers will face a difficult time as recession-hit companies keep curbing labor costs, analysts said Friday.

Japan's closely watched jobs-to-applicants ratio fell to its weakest level in six years to 0.70 in August from July's 0.72, the Labor Ministry said Friday. The August number means there were 70 job offers for each 100 applicants.

The ratio hit its lowest point since July 1987, when it stood at 0.68.

The double sickness in consumption and exports could lead to further adjustments in capital investment and employment," said Yasutomo Murasawa, a Mitsubishi Research Institute economist.

He said the job-to-applicant ratio could slip further to 0.55 in the business year that starts next April. Japan's seasonally adjusted unemployment rate will edge up toward 2.7 percent in the next year, he added.

The unemployment rate has stayed at 2.5 percent for four straight months through August, the government's Management and Coordination Agency said Friday.

The number of unemployed in August totaled 1.67 million, up from 1.59 million in July and from 1.44 million a year earlier. The size of Japan's work force, including the unemployed, rose to 66.61 million in August, up 430,000, or 0.6 percent from a year earlier, the agency said.

Analysts agree the labor market will soften further in the coming year. But they are not fully convinced that there will be any sudden, large-scale loss of jobs.

Companies have so far reduced overtime work and extra bonus payments while curbing the number of new employees. But few companies have gone in for layoffs.

Other data Friday underlined how the prolonged economic slump and the high yen have helped keep Japan inflation well under control.

Consumer prices in the Tokyo area rose 1.4 percent in September from a year earlier and increased 0.1 percent from August, the Management and Coordination Agency said.

Excluding fresh food prices, which rose due to bad weather, Tokyo area consumer prices grew 1 percent in September from a year earlier, the slowest rise in nearly five years.

According to an estimate from the Economic Planning Agency, a 10 percent appreciation of the yen to the dollar lowers the consumer price index by 1 percent, which the EPA said could help Japanese households save a total of 2.65 trillion yen (\$25.2 billion) a year.

Investor's Asia

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	2,018.10	2,008.02	+0.45
Singapore	Straits Times	1,972.70	1,964.40	+0.42
Sydney	All Ordinaries	20,285.13	20,105.71	+0.88
Tokyo	Nikkei 225	859.67	853.99	+0.69
Kuala Lumpur	Composite	992.34	971.44	+2.15
Bangkok	SET	3,806.40	3,832.69	-0.69
Seoul	Composite Stock	1,959.55	1,973.76	-0.72
Taipei	Weighted Price	443.27	420.80	+5.31
Manila	Composite	1,940.02	1,934.66	+0.28
Jakarta	Stock Index	1,284.90	1,308.60	-1.81
New Zealand	NZSE-40			
Bombay	National Index			

Sources: Reuters, AFP
International Herald Tribune

Very briefly:

- NIKK Corp., expecting a big loss this year, will lay off 1,000 management level employees at its two plants for one or two days a month.
- Japan's domestic vehicle sales totaled 443,023 in September, down 5 percent from a year ago, for the sixth straight monthly decline.
- Mercedes-Benz Japan Co. plans to sell about 27,000 vehicles in Japan next year, after an expected slip to 25,000 this year.
- Japan's revised commercial code, which lowers corporate lawsuit fees and strengthens shareholders' rights, has taken effect.
- Shiseido Co. will appeal an anti-monopoly ruling requiring it to resume shipments to a retailer that was discounting its cosmetics products.
- Cooperative Credit Purchasing Co., set up by Japanese banks in January to absorb bad loans, said it had acquired nonperforming assets worth 1.87 trillion yen (\$17.8 billion) at a discount of almost 50 percent.
- Motorola Inc. opened a research and development laboratory in Singapore to test materials, processes and designs for circuit boards.
- Shanghai Petrochemical Co. has joined forces with Japan's Inchoa Corp. and Chisso Corp. in a new business to make and sell plastics and resins.

Defying Tokyo, SIMEX Launches Japan Bond Futures

TOKYO — Ten-year Japanese government bond futures contracts began trading Friday on the Singapore International Monetary Exchange despite protests from the Tokyo Stock Exchange.

The futures contracts opened trading with many of the targeted customers absent because SIMEX rebuffed repeated requests by the Tokyo exchange to abandon or postpone its plans, industry officials said.

Japanese securities company officials said they would not broker the Japanese government bond futures contract in Singapore. Brokering the Tokyo Stock Exchange's futures contract is enough to satisfy customers, they said.

But Tokyo exchange officials said they had no head in any move to boycott the contract. Trading volume of the futures contract was light, but the SIMEX prices mirrored the price of 10-year Japanese government bond futures listed in Tokyo.

In late afternoon trading, the SIMEX December Japanese government bond futures contract stood at 112.83, in line with the contract's price on the London International Financial Futures Exchange.

More than 2,000 Japanese government bond futures contracts, totaling 100.4 billion yen (\$955 million), had changed hands.

"Singapore Japanese government bond futures are off and running," said Bob Okuma, deputy general manager in Tokyo at FIMAT, a financial futures trading company.

Unlike the London International Financial Futures Exchange and the Chicago Board of Trade, which also exchange futures on 10-year Japanese government bonds, SIMEX does not have the blessing of the Tokyo Stock Exchange, where the majority of Japanese government bond futures are traded.

Tokyo's principal objection is that SIMEX trading hours overlap those in Japan, a Tokyo Stock Exchange official said.

SIMEX has a long history of acting independently, listing copycat versions of futures contracts traded in Japan and often undercutting prices and commissions.

SIMEX has rebuffed any outside interference and chosen instead to maintain a market that it says is cheaper and more flexible.

Indonesia Plywood Maker's Stock Soars in Debut

JAKARTA — PT Barito Pacific Timber rose sharply Friday on the stock's first day of trading.

Barito, Indonesia's largest integrated plywood manufacturer, jumped 52.8 percent from the public offering price to close at 11,000 rupiah (\$5.23), reflecting both local

investors' hunger for new listings and overseas interest in the market. Analysts said next week was likely to bring even more buying interest from overseas fund managers.

"Barito contributes about 13 percent of the market's capitalization, which itself has a direct impact on the index. Index-buying

fund managers will have to buy Barito if they want to buy Indonesia," one analyst at a foreign brokerage said.

Despite impressive political connections that include links with the family of President Suharto, Barito and its chairman, Prajojo Pangestika, have had to weather a storm of controversy since announcing plans to list \$290 million worth of shares in June.

Subaru Raising U.S. Output

TOKYO — Its exports hit hard by the rising yen, Fuji Heavy Industries Ltd. is speeding up plans to shift production to the United States of the Legacy auto model sold in North America, a company spokesman said Friday.

The spokesman, Masayuki Yokoyama, said Subaru Inzou Automotive Inc., a joint venture between Fuji and Isuzu Motor Co.

based in Lafayette, Indiana, would be making all of its Legacy models sold in North America as early as May next year.

Since May 1992, Fuji's American plant has produced 3,700 Legacy models a month. The plant's monthly capacity is 6,000 cars.

Fuji exported about 11,000 Legacy models to the United States from Japan and 2,000 to Canada last year, Mr. Yokoyama said.

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Thursday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Div	Yld	PE	Ratio	High	Low	Latest	Chg
AA	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AB	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AC	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AD	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AE	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AF	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AG	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AH	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AI	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AJ	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AK	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AL	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AM	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AN	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AO	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AP	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AQ	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AR	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AS	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AT	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AU	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AV	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AW	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AX	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AY	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
AZ	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BA	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BB	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BC	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BD	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BE	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BF	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BG	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BH	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BI	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BJ	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BK	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BL	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BM	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BN	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BO	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BP	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BQ	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BR	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BS	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BT	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BV	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BW	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BX	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BY	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
BZ	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
CA	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
CB	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
CC	1.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00	0.00
CD	1.00	0.00	0.00	0.00	0.00	1.00			

FIRST COLUMN
**GATT Pact:
 Irrelevant
 As It Seems?**

WE have been told for so long in so many different ways that it is staggeringly important. If it can be achieved, it will "boost world income by \$213 billion" (according to this week's communiqué from the World Bank). "It" is the GATT, the proposed agreement to reduce global trade tariffs, upon whose successful conclusion so much apparently depends. But what difference will it really make?

First, and least important, it seems quite possible that GATT and its attendant phraseology—"Uruguay Round" and all—will pass into the language as a synonym for intractable, deadly boredom.

Or again, perhaps its significance is best appreciated not as a potential enrichment of demotic English, but as a gloss to the famous existential notion of a journey. Those who have been following the GATT wranglings will enjoy the mordant, Kafkaesque twist: It is better to travel hopelessly than to arrive.

And as for trade bonanzas and financial booms for opportunity-hungry investors? A successful conclusion of the agreement will probably have a beneficial effect on trade, though probably not quite so large as the various supranational agencies might suggest. They have their own reasons for talking up the agreement which have little to do with any altruistic ideas of a trade barrier-free world. More of that, perhaps, in a later column.

For the cynical old investor, however, being a person who simply wants to put money in the smartest possible place, the successful conclusion of the talks is largely irrelevant. There are two principal reasons for this.

First, the markets have already factored GATT into their pricing. The consensus of expectations is for some sort of botched compromise to emerge.

The second reason is really a qualification of the statement that trade will benefit. Yes, but the benefit will be more a transformation of form than an increase in substance. Cheaper goods and services are already flooding across international borders. A concluded agreement would just see multinationals reporting more profit from clearly traceable sources.

M.B.

**Volatility Is By-Product
 Of Funds' Diversifying**

By Conrad de Aenlle

WHETHER you win or lose still counts for almost everything in the fund business, but how you play the game is of increasing importance. The industry—particularly in these nervous and turbulent times for the world's stock and bond markets—is turning its attention to volatility: How to measure it and how shareholders should factor it into their decision-making.

Everyone has a sense of what volatility is, even if defining it precisely and practically can get tricky. Roughly speaking, it is a measure of the range of price fluctuations in a given period of time. Volatility is often linked with risk: the two are related, but people who study this sort of thing say they are not the same.

An executive at a London investment bank explains it in layman's terms: "Risk is when you buy an asset and it turns into a dud and you lose money. You can have a company that has low volatility and then goes bankrupt."

Entire markets, too, can have little volatility and a lot of risk. Look at the United States: By conventional valuation measures, risk is as great as it ever has been, but the last year has been among the least volatile periods this century. A more volatile investment is inherently riskier, however, because any downward move has a chance of being bigger due to the wider swings.

Fund providers have been trying to come up with a simple, functional way to quantify volatility to shareholders. Several years ago, the idea was floated to U.S. regulators to print the high and low net asset values for the previous year in a fund's literature as a crude but useful representation of volatility. In the end, nothing came of this, but the idea is still remembered fondly.

"That's a real reasonable way for people to get a sense of volatility," said Betty Hart, of the Investment Company Institute, the American fund industry association. "It gives the investor some sense of what's going on."

What's going on is that the variety of funds on the market has increased sharply in the last decade, how the game is played has come to matter so much because of this expanding variety of players. There used to be stock funds and bond funds, and that was about it. The first kind bought local stocks, probably blue chips, and they were almost

always more volatile—and more rewarding—than the second, which bought government bonds and maybe high-grade corporates.

Now there are small-company growth funds, regional and emerging market stock funds and those that limit themselves to a particular industry. Bond funds can invest in all ranges of quality and maturity, and in markets abroad, some well established, many not.

As the types of funds have grown, so has the range of volatility and risk. And the sheer number of funds cries out for some way to distinguish among the bunch that show performance clustered around any given return. Some of them will have achieved their gains with less volatility; indeed the more volatile ones may have had to take risks the others didn't to beef up returns.

This is where ratings of volatility and risk-adjusted return come in. The fund-rating service Morningstar ranks the historic volatility of each fund against others in its category and against all funds, then qualitatively judges its return in comparison with risk using a five-point system.

Micropal, which ranks funds in a number of world markets, is devising a set of risk and volatility criteria that it hopes will travel better than the ones used in the United States. Christopher Poll, Micropal's managing director, notes that the Sharpe ratio, perhaps the most widely used measure of return vs. risk, compares returns against those of U.S. Treasury bills, which makes it of less use to someone whose benchmark might be German bank deposits.

And then there's the matter of currencies. If the reference currency is the dollar, then there's a good chance a foreign fund will seem more volatile because returns contain the extra component of currency fluctuations. Mr. Poll says the most useful way to incorporate risk and volatility into fund analysis is to look at the relative risk of members of a particular class of funds.

"You want to know which funds within a sector have the best returns with the lowest degree of risk," he said. To do that, he reduces a fund's return rating if its volatility is higher than average for the group.

Fund executives argue that while it always helps to have numbers, it's more important to be able to explain volatility and risk, and how they relate to returns, in a way that's meaningful to their clients.

"What less sophisticated investors need to understand is what the movements are likely

Bangs or Whimpers?

Best performing equity mutual funds, in absolute terms and risk-adjusted. Value of \$100, income reinvested, excluding charges; over three years to Sept. 1, 1993.

Risk-Adjusted Performance	
U.S. Equity Funds	
Quantum Fund (U.S.)	106.67
Gabell Convertible Sec.	106.28
Methers	115.13
Gam Arbitrage	156.49
Umb Heartland Fund Inc.	129.87
Phoenix Convertible Fund	141.72
Valley Forge Fund	131.17
J Hancock Freedom Gold/B	136.30
Alpha Tildale	149.93
Orion Fund Ltd.	174.00
European Equity Funds	
St. James PI PEP Progressive	194.12
S&P Scotiabank	181.53
Premium Life European Div	133.06
S&P Financial Securities	160.26
Holland-Invest	141.59
Premium Life European Sg	138.85
Lazard European	122.96
Schwabert Enterprise	177.83
Scott Equities Fd UK Global	141.02
Europe Value Fund	119.34
Asian Equity Funds	
Amal Asian	236.05
Henderson HI Pacific	224.26
Stewart Hony New Pacific	195.23
Credit Lyonnais Pacific Grh	217.58
Daiwa Global Far East	178.10
Scott Mutual Far East	168.20
Yamaichi WorldSelect Asia	189.66
Geni Asia	191.29
Von Ernst Go Pac Bas Equity	191.29
Standard Far East	192.78

Source: Micropal

Absolute Performance

U.S. Equity Funds	
TSS Off-Pan American	384.18
Fidelity Select-Home Fin	281.04
Fidelity Select-Reg Banks	283.21
Invesco Strat-Financial	284.05
J Hancock Spl Equities/A	285.11
Thomson Opportunity (S)	282.79
Corn Capital Development	277.21
Fidelity Select-Software	274.47
American Heritage Fund	272.83
J Hancock Freedom Reg Bld	272.83
European Equity Funds	
St. James PI PEP Progressive	194.12
Edinburgh UK Smaller Cos	181.40
Perpetual Overseas UK Growth	176.15
Hill Samuel UK Emerging Cos	174.36
S&P Scotiabank	171.63
S&P Scotiabank	161.63
BG UK Smaller Companies	161.17
S&P Financial Securities	160.26
Hill Samuel Financial	156.44
Perpetual UK Growth	153.96
Asia Equity Funds	
JF Ninja	362.74
Thomson Hong Kong Gateway	287.40
Gartmore Hong Kong	286.87
Gartmore Hong Kong	285.80
Schwabert Asia Hong Kong	275.52
Schwabert Asia Hong Kong	256.91
Prov Capital Hong Kong	255.18
Gam Hong Kong	251.40
Invesco Hong Kong	249.00
JF Hong Kong	247.24
Prov Cap HK Stockmarket	247.24

International Herald Tribune

to be in their money," said Mary Blair, portfolio development manager in Europe for Fidelity Investments. "You can come up with all these technical ways of measuring volatility and risk, but at the end of the day it comes down to how likely is the investor to lose money and what time scale should be used. . . . We try to take investors through their own attitudes to risk and find out what their time horizon is. I think for the ordinary investor, to define volatility and risk to them is very difficult."

Other companies take more of a hands-off approach. "We try to describe funds as accurately as possible and leave it up to the individual or institution and their investment adviser; we don't offer investment advice on that subject to the public," said John Ballen, head of portfolio management at Massachusetts Financial Services.

To Mr. Ballen, volatility is a series of short-term ups and downs to be exploited by astute managers. "Volatility is opportunity," he declared. "It provides opportunity in the marketplace for buyers and sellers to capitalize on the inefficiencies that develop." He finds risk to be a more enduring phenomenon: "Risk is what's the possibility of being

up 30 percent versus down 30 percent" several years later.

Time is thought to be the most critical factor in figuring out how to deal with volatility.

"There are two thoughts on volatility: One is to ignore it and invest for the long term, the other is to use it and invest for the short term, but in terms of a long-term strategy," comments Ken Weber, president of Weber Asset Management, which puts most of the \$30 million it manages into funds.

"We use Fidelity Select sector funds for our clients. . . . The average investor should not be in sector funds; they are simply too volatile. Unless you have the time to watch them closely, you should let a portfolio manager make the decision on which industries to be in. On the other hand, if you can devote time to them and impose some discipline with some sort of moving average system, you can get volatility to work in your favor."

For most investors, he said, it's best to ignore the whole thing.

"They have to learn that if you're going to be in the market, it's a roller coaster, there's very little we can guarantee, except volatil-

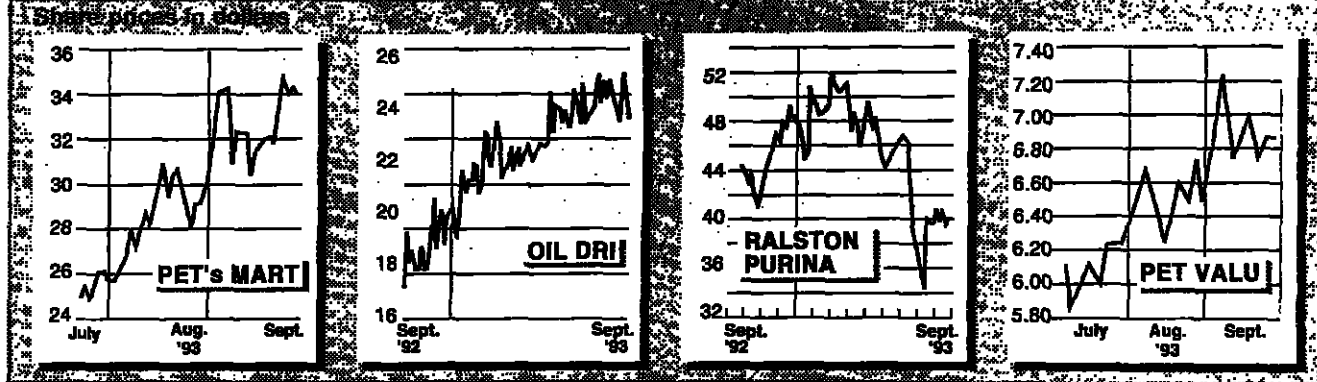
ty. Many people can intellectually say they understand that, but when they're in the middle of it and the roller coaster gets to the top of the track and starts heading down, they start screaming and want to jump off, even though we told them about it."

For those nervous types, he suggests diversifying by buying four or five funds with different objectives, perhaps one international fund, one balanced, one growth and one aggressive growth, then maybe a convertible securities fund.

"Diversification serves as a good drama-ine for the roller-coaster ride," he said. "Some funds will hold up while others are sinking."

The Investment Company Institute also advocates sticking with a fund and riding out the swings.

"You're hiring someone to manage your performance," Ms. Hart remarked. "You shouldn't try to call the shots too much [by trading in and out] because you micromanage a professional manager. If you're that good, then why do you need a professional manager?"



Indulge Those Pet Investment Theories

By Ann Brockelhurst

INVESTING in a pet means a modest outlay to buy the animal, regular food charges and occasional exorbitant veterinary bills. Unless the pet is a pricey purebred who can be mated for a fee, the financial rewards are nonexistent and the owners content themselves with nonmonetary rewards.

Now, however, financially savvy pet lovers, as well as those unwilling to allow a dog, cat, or canary in their homes, can consider some new avenues of investment. Two rapidly expanding pet stores chain out to cash in new trends in animal ownership recently went public—PETSMART Inc., traded over-the-counter in New York, and Pet Valu Inc. in Toronto.

In the United States, 57 percent of all households have a pet, and owners spend \$15 billion a year on their animals. About half of that goes for pet food, and the rest goes for other supplies and services like grooming and veterinary checkups. PETSMART's market share is currently a mere 2 percent. Chris Vroom, an analyst with Alex. Brown & Sons in Baltimore, sees the market rising to more than \$2 billion by the end of the decade as more consumers pamper their pets and pay higher prices for food.

Mr. Vroom has a "buy" rating on PETSMART whose shares were offered in July for \$23 and are now trading at about \$36. He estimates per-share earnings will rise to 42 cents for the year ending in January 1995 and to 18 cents in the current fiscal year from 12 cents last year. Although he finds the shares expensive relative to the market and projected earnings growth, Mr. Vroom believes the multiple premium is warranted and that sales and earnings momentum will be supported to almost all American retailers.

PETSMART has 77 stores, which it aims to expand to 106 by year's end. They carry premium foods, vitamins, toys and other creature comforts for dogs, cats, fish, hamsters and birds. Most PETSMART stores also offer grooming services and owners are encouraged to bring animals with them.

"This creates an atmosphere in which owners stop and swap pet stories, prolonging the visit and increasing the probability of incremental sales," Mr. Vroom noted in a recent report.

PETSMART cooperates with the World Wildlife Fund and local humane societies. It does not sell puppies and kittens due to the high number of abandoned animals. Similarly it does not deal in imported birds, whose capture can damage their rain-forest habitat and put certain species at risk of extinction, or saltwater fish, which are often caught by dynamiting coral reefs.

Pet Valu Inc. has 170 stores in central Canada but its franchises are smaller and less glitzy than PETSMART's. It is also not as "politically correct," and some stores sell dogs and cats. With annual sales of 70 million Canadian dollars (\$52.6 million), Pet Valu is about a quarter of the American company's size.

Its shares now trade at about 7 dollars, up sharply from 1.98 dollars last year, and Pet Valu plans to open 25 new stores.

Both chains are trying to attract customers who normally buy their animals' food in supermarkets. Prices for regular food are competitive but it is in the high margin products, such as foods which claim to be specifically designed for animals of different breeds and ages, that are most interesting to retailers.

While pet stores can still look to premium pet foods for increased profits and growth, the regular market has become a very tough one for most manufacturers. In the 1980s the American cat population, now about 60 million, overtook the dog population, currently 54 million. Cats make better pets in the city and for two-career families, and they eat less than dogs. And as a result, many analysts believe there will be a shake-up in the market, which is controlled by subsidiaries of such giants as Quaker Oats (Kia-L-Ration), Nestle (Frisitos), Grand Metropolitan (Alpo), Mars (Kai-Kan), and Ralston Purina.

Ralston Purina, the biggest American maker, whose brand name is usually the same as its

corporate name, is suffering from selling most of its pet food in the flat grocery store market. Despite that, a First Boston analyst, Michael Mauboussin, has a "buy" recommendation on the company because, after restructuring, he believes its stock price is undervalued. He is, however, far more enthusiastic about the company's other divisions, particularly Eveready Batteries, than about pet food, which accounts for 30 percent of revenues.

Investors who see the presence of the "first cat" socks in the two-carer White House as proof that cats' popularity can only grow might want to sniff about the growing kitty litter market, in which Oil Dri Corp. of Chicago is one of the biggest players. The market expanded by the analyst last year, which 5 percent Jim Hickey of William Blair & Co. points out was three times the growth of GNP.

He sees Oil Dri, which earns more than half its revenue from litter, as "a market performer over the next 6-12 months" as consumers switch over more and more to fine-grained litters from the traditional coarser product. The new litters, scientifically developed to smell better while lasting longer, cost three times as much as old-fashioned litters and have far higher profit margins.

**Mutual Fund Sales
 Soaring in the U.S.**

SALES of mutual funds in the United States continue to outpace last year's record totals. Equity and bond funds rang up \$45.9 billion in sales during August, up 54 percent from a year earlier, according to the Investment Company Institute, the trade group for the American fund industry. Equity fund sales checked in at \$19.4 billion, more than double the year-ago amount, while bond funds brought in \$26.4 billion, up 30 percent.

An ICI spokeswoman, Betty Hart, said the greatest yearly gains were in the global and international equity sectors, in which at least three countries must be represented in the fund. American companies may be included in the global sector, but not in the international. Global equity funds registered \$1.6 billion in August sales, a rise of more than 400 percent from a year ago, while international equity funds registered \$3.2 billion in sales, a gain of nearly 300 percent.

Ms. Hart, noting that year-to-date overall mutual fund sales through Aug. 31 were running 36 percent ahead of 1992, attributed the industry growth to several trends.

"Part of it has to do with demographics," she said. "The U.S. baby-boom generation is moving into an era where they're thinking less about buying houses and more about providing retirement income for themselves. A lot of that money is going into funds."

Meanwhile, the international derivatives market is also a hotbed of activity. Volume on the London International Financial Futures Exchange, or LIFFE, climbed a hefty 39 percent in August from a year earlier, trading a total of \$106,450 futures and options contracts. Daily turnover had a value of about \$80 billion. September trading volumes, to be reported shortly, are also expected to be strong.

This week also marked a LIFFE anniversary. Five years ago, the first German government bond, or "Bund," futures contract was traded on the exchange. The Bund futures have since recorded the largest cumulative trading volume—53 million contracts—of any LIFFE product over the period.

Nick Durlacher, LIFFE's chairman, partially attributed the active trading to the contract's ability to provide liquidity to international investors and to traders. "It has become the leading hedging and trading instrument for German government debt," he said.

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Netherlands Fl.	770	400	220
Norway N.Kr.	3,000	1,500	1,050
Portugal Esc.	47,000	25,000	14,000
Spain Ptas.	48,000	25,500	14,500
Switzerland S.Fr.	35,000	22,500	14,500
Sweden (armed) S.Kr.	3,100	1,700	920
Sweden (hand delivery) S.Kr.	3,500	1,900	1,000
Switzerland S.Fr.	610	335	185
Rest of Europe, N. Africa, former French Africa, Middle East	530	345	190
Gulf States, Am. Central and South America	780	430	235
Rest of Africa	900	485	270

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THE MONEY REPORT

Enviably Record of Small-Firm Funds

By Rupert Bruce

ALEX Dundas believes in putting his money where his mouth is. He bought 20,000 of the 10 million shares in the offshore fund he manages, GT Global Small Companies Fund, at its inception in September 1987 as "both good investment and a matter of principle."

He has cashed in on a combination of what is sometimes called "the smaller companies effect" and his own skills as those of his team of managers. The fund has rewarded him by rising from its initial price of \$10 to more than \$25 currently, a performance that has made it the fourth-best-performing offshore global equity fund during the five years to Sept. 1, according to Micropal, the mutual fund statistics specialist.

This reward has been gained during a period when many world markets have been at their least hospitable to smaller companies — broadly defined as the bottom 25 percent of a market by capitalization. Now — in theory — conditions could hardly be better.

The smaller companies are helped "by good financial conditions: low inflation and low interest rates," said Mr. Dundas. "So we may be at the beginning of the economic cycle and the benign stage of the financial cycle."

That the fund has done so well in a period when many regional smaller companies indexes have done relatively badly shows that smaller company specialists can do well even when the markets are against them. In the long run, however, regardless of benign or hostile cycles, studies in several countries have shown that smaller companies have outperformed larger ones.

Mr. Dundas described the case for buying smaller companies around the globe. "Being small they grow faster," he said, and stock markets are dominated by institutional investors who tend to concentrate on larger companies, "and so small companies can be overlooked."

He regards managing his fund as an exercise in finding "anomaly" situations around the world. In order to make the effect of his stock picks really tell, he keeps a small portfolio of about 16 issues. And, contrary to the logic of critics with wry smiles, he says, the fund has not been exceptionally volatile for a smaller company fund.

In common with a handful of other outstanding smaller companies funds, Mr. Dundas buys stocks for 3- to 18-month periods, rather than the shorter periods favored by others who have to justify their performance against stock market indexes every quarter. Also in common with the others he favors growth companies.

"I think we tend to go for growth stocks and my interpretation of that is often further narrowed by going for companies capable of expansion in good times and bad times. These often have a competitive and comparative advantage."

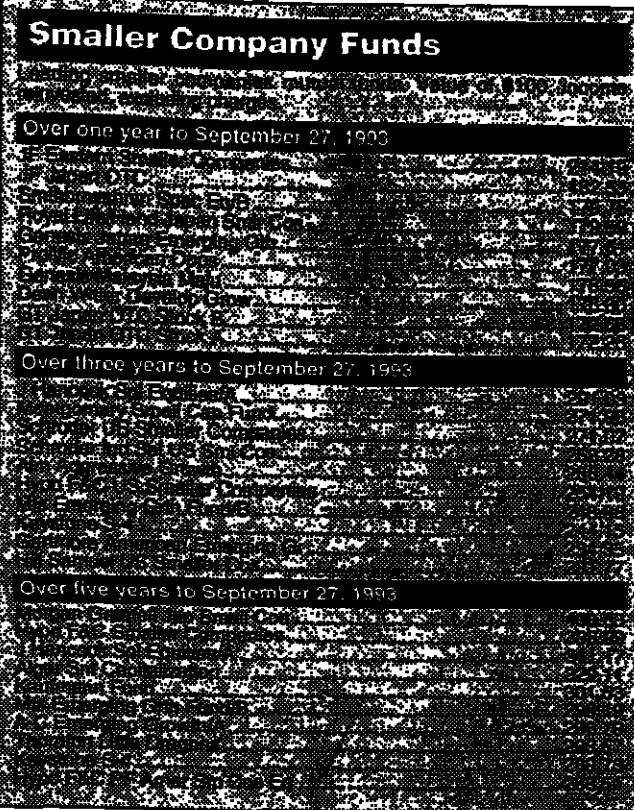
"So we would not invest in the third supermarket; we might invest in the first out-of-town discount store."

In Tokyo, Mr. Dundas has rivals in James Pulsford and his co-manager, Curtis Freese, who manage the Morgan Grenfell group of Japanese smaller companies portfolios, including the top-performing offshore Bullet and Japan Small Companies funds. What Mr. Pulsford, Mr. Freese and Mr. Dundas have in common is a long-term view, a leaning towards growth companies, and an eye for value.

The Japanese funds have also performed extremely well in a period when Japanese smaller companies in general have done badly.

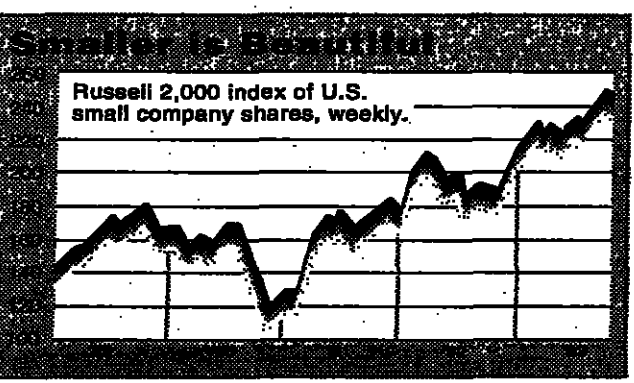
The Japan Small Companies Fund has done considerably better than the GT fund and risen by 284.7 percent during the five years ended Sept. 1 to beat all other offshore Japan funds, according to Micropal. The younger Bullet Fund has risen 59.8 percent during the last year.

Mr. Pulsford says Japanese smaller companies have recently started to outperform larger companies. He expects corporate profits to have two years of really strong growth from next year and smaller companies to continue to outperform.



Source: Micropal

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Russell 2,000 index of U.S. small company shares, weekly.

started to outperform larger companies. He expects corporate profits to have two years of really strong growth from next year and smaller companies to continue to outperform.

An example of the stocks Mr. Pulsford buys is the Chubu Sekiwa Real Estate company, which has development, subleasing, and brokerage businesses in the condominium market. In three years, when the real estate market has been tough and many firms have been unprofitable, Chubu has had flat profits. But now, the brokerage side is picking up at the cheap end of the market, the company is moving some money into development, and subleasing is expanding rapidly.

The stock price has been about 30 times this year's forecast per-share earnings while the real estate market is thought to be improving, according to Mr. Pulsford. This compares with an average price-earnings ratio of 35 times for the whole portfolio, which should have earnings growth of 12 percent this year, he said. Meanwhile, he added, the Japanese market as a whole is on a price-earnings ratio of 80 times and its earnings should fall by more than 7 percent this year.

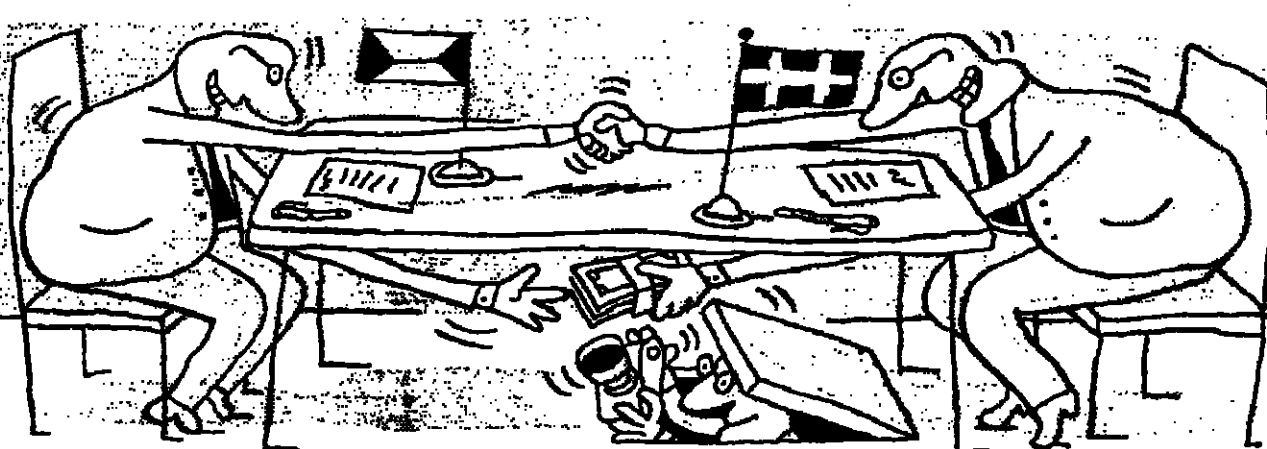
In addition to low price-earnings ratios, James Findlay, the London-based manager of the offshore Hypo Foreign & Colonial American Smaller Companies Fund, believes in only buying companies that he believes will not try and grow by raising money from the stock market.

He says smaller American companies have outperformed large ones for two years, and he expects them to continue to do so, probably for up to eight more years.

His fund is rated fifth from all offshore North American equity funds over 10 years, and 10th over five, according to Micropal.

Switching to Europe, another manager who has done well is Justin Thomson, who co-manages the GT European Smaller Companies Fund. His fund is 26th from all European equity funds during the last five years, according to Micropal. That has happened during a period of sustained smaller company under-performance. This year, they have started to outperform in many countries and he suspects this should continue.

So should investors buy smaller companies funds now? Or should they wait for the correction that some skeptics predicted in world markets? What all the managers say is that these funds should be bought for their long-term benefits and there is little to gain from trading in and out — but Mr. Dundas suggested that the nervous could put half their money in now, and the other half in a few months.



Group Set to Combat Third-World Graft

By Michael D. McNickle

COMMON international standards of business and financial practice may still be far away, but there is one thing that is almost universally accepted: The need to take away some of the muck from international finance. That feeling has translated into burgeoning growth for an international organization established last May to combat corruption in business. The company numbers several governments among its clients, and says that the interest in its services is rapidly increasing.

The group, known as Transparency International, announced at its opening that the government of Ecuador had expressed definite interest in receiving the group's assistance in countering international business graft. Ecuador had previously been stung by the purchase of more than \$100 million of trains and planes that it either did not receive or was not compatible with Ecuadorian equipment.

Why would anyone spend that kind of money for something they didn't need? Bribes most likely, according to Ecuador's vice president, Alberto Dahik, at a Transparency conference earlier this year. Since then, the organization has received invitations from the presidents of four African nations to discuss working with them to fight corruption.

The group's acting head, Peter Eigen, a former World Bank official, notes there are also signs of interest from the Philippines as well as from officials in Russia and elsewhere in Latin America.

Mr. Eigen said there is a growing awareness among development officials, business people and Third World leaders that, in the end, corruption helps no one.

"I've worked for 25 years in development in Africa and Latin America," Mr. Eigen said, "and it's difficult enough. You try to do a good job in the field. But if that whole thing's perverted by promoters making huge gifts to decision-makers and so on, then the whole thing becomes a farce."

Of course bribery in international business between developed and developing has gone on for decades. So why the big concern now? Experts say that in some countries the corruption has gone out of control. That is, they say, coupled with the end of the Cold War, will gradually put an end to no-questions-asked foreign aid.

For ages, the gallows humor of the international community has referred to money lost from developing nations as "retirement money." But that capital flight, experts say, often with the complicity of Western corporations, has reached a crisis in many countries and spurred an increasing resolve to attack corruption in the developing world and in the West.

Robert S. McNamara, former president of the World Bank and U.S. secretary of defense, is a staunch supporter of Transparency International. He notes that while corruption in developing nations has been an issue for some time, only recently has it emerged as a topic for frank discussion.

"Ten years ago," Mr. McNamara said, "you couldn't talk about this subject with developing country leaders in an open meeting. It was a forbidden topic in a very real sense."

But, Mr. McNamara added, at a meeting in Maastricht about three years ago, at which the Global Coalition for Africa was founded, something unusual happened. With about 75 ministers present, including some prime ministers and numerous finance ministers as well as ranking development and banking officials, "there was an open discussion of corruption, particularly in African nations."

Mr. McNamara recalled that one of the African ministers stood up and conceded that there was widespread corruption — but he emphasized that "it takes two to corrupt."

"And," Mr. McNamara continued, "I remember I said: 'You're absolutely right. And if what you're saying is that it's not just the fault of African government officials who may have received or even asked for financial inducements to award contracts, but that it's equally the fault of international corporations from the OECD nations that have proposed financial incentives to award contracts, I totally agree.'"

He added, "And, if what you're saying as well is that that should be published, and that the names of such corporations should be known, I agree with that too, and if you make them available to me, I personally will pay to have them published."

Group Set to Combat Third-World Graft

providing technical assistance and expertise, research and if requested, special investigations.

The organization's advisory council includes prominent figures from diplomacy, law, international consulting, government and business. The ranks include Oscar Arias Sanchez, the Nobel Peace Prize winner and former president of Costa Rica, Ian Martin, former secretary-general of Amnesty International, Paul Baicheler, chairman of Coopers & Lybrand International Consulting (U.K.), Michael Hershman, president of the Fairfax Group, international investigators and consultants, Andrew Young, former U.S. ambassador to the United Nations and mayor of Atlanta, and numerous additional distinguished figures.

Each member brings a unique perspective and experience to the group. Mr. Young for example is co-chairman of the Atlanta Olympic Committee and vice chairman of Law Companies Group, an engineering and environmental consulting firm.

"There's an increase in concern because there are actual countries and companies that are going bankrupt," Mr. Young said, "and a major reason is what I call the 'corruption tax.'"

Mr. Young said that the problem has become so bad in some countries it becomes impossible to conduct business. He noted that one company he had heard about had been offered a contract valued at nearly half a billion dollars. When the executive arrived in the country, he was asked to make payments to gain access to the officials who had invited him. The executive simply "walked away" from the contract.

Some of the problems, Mr. Young says, are built into the system and need to be changed. One of the things that happens in most Third World governments, he said, is "corruption is in lieu of a retirement program."

Mr. Young suggests that if presidents in developing countries were

Group Set to Combat Third-World Graft

provided with some sort of retirement security, such as that a U.S. president receives, there might be less incentive to siphon off funds.

In addition, Mr. Young said that, during his terms as mayor of Atlanta, more than \$70 billion in investment were attracted to the metropolitan region with virtually no scandals involving the city government. Each major investor, Mr. Young notes, was given his private telephone number, and assigned a staff member who was responsible for that investor's dealings with the city. If the investor got the feeling he had run into an obstacle in city government all he had to do was call. Extras were not necessary.

Transparency International has its work cut out for it. Some observers believe that it might be not too long before inquiries in the Third World lead back to industrialized nations.

Steve Askin, a journalist specializing in African economic affairs, said, "Big corruption in the developing world is a product of things happening in the rich world — a serious effort is going to have to tackle bad guys in the rich world."

BRIEF CASE

Europay and MasterCard Plan to Merge Processing

Europay International SA and MasterCard International have announced that they will merge their technologies to build a single, global transaction-processing network. The move represents the next step in strategic alliance between the two companies aimed at increasing brand awareness and market strength.

More than 3.7 billion transactions a year serving nearly 11 million merchants and 24,000 financial institutions will be handled over the network when complete, say Europay and MasterCard. The architecture for the computer network is targeted for completion by the end of this year, with its initial use scheduled for sometime in 1994.

MasterCard's CEO, Alex W. (Pete) Hart, said the objective of the project is "to support our family of brands by delivering technology that meets the local, regional and global needs of our membership."

MasterCard International, based in New York, is a payment services company. In 1992, according to the company, 187 million MasterCard cards generated over \$259 billion in purchases at over 10 million acceptance locations worldwide. Europay International was formed last year with the merger of Eurocard International and Eurocheque International. In 1992, says Europay, 1.9 billion transactions were cleared using Europay brands.

Freeport McMoRan Offers Gold Shares With a Payout

Freeport McMoRan Copper & Gold has issued a series of preferred shares that amount to a bet on the price of gold but also offer a dividend.

The shares, which trade on the New York Stock Exchange, will be redeemed in 2003 for one-tenth the price of an ounce of gold. That makes selling at close to \$360 an ounce, that metal's intrinsic value about \$36 a share. A standard 100-share lot is like owning 10 ounces of gold.

Financial Physics: Talk Taxes, and Funds Flee

DRIVE across the border from Germany to Luxembourg, and the tax codes in a trunk full of cash. This may seem far fetched, but the flight of capital from inside German borders appears to be reaching epidemic proportions.

Ever since it became clear last year that a 30 percent tax on interest income was to be introduced in January 1993, German money has been flowing across the border. There is nothing illegal about this, providing, of course, the income on the Luxembourg investments is disclosed to the tax authorities. But judging by the reaction of the German government, its citizens have not been forthcoming.

Concerned about loss of income, Germany has been pushing at both the EC Commission and the Organization for Economic Cooperation and Development, the rich countries' club, for introduction of a pan-European withholding tax. The object would be to stop capital flight from relatively high tax regimes, like Germany, to Europe's tax havens, like Luxembourg, Switzerland, Austria and Liechtenstein.

A series of informal meetings have begun at the EC Commission and the OECD to discuss the tax, but it would only be introduced in the unlikely event that the countries concerned reached a consensus. In the words of one source close to the negotiations, "it is frankly difficult to envisage any circumstances under which a tax haven would cut its own throat."

The saga started in 1989 when Germany introduced a 10 percent withholding tax on interest income. This applied to foreign as well as to domestic investors. It led to a massive cash exodus and was revoked

Financial Physics: Talk Taxes, and Funds Flee

after only a few months because of the damage it was doing to Germany as a financial center.

After the withdrawal, initial attempts at the EC to introduce withholding tax across the 12 EC member states petered out. Some skeleton proposals called Mutual Assistance, designed to lead to greater cooperation between tax authorities in combating tax evasion, were introduced instead. But these were vetoed by Luxembourg in December 1989 on the grounds that it wished to protect its banking secrecy laws in all circumstances.

Back in Germany, however, the constitutional court in Karlsruhe subsequently ruled that the local withholding tax would have to be replaced. That led to this year's watered-down tax, which does not apply to foreigners or to most Germans.

Only individuals earning interest income of more than 6,000 Deutsche marks (\$3,800) and married couples earning more than 12,000 DM have to pay.

Nonetheless, the introduction in January sparked a widespread cash exodus. Some 66 billion DM moved from Germany into Luxembourg-based German mutual funds in 1992, according to the European Federation of Investment Funds and Companies, the Brussels-based trade association. The trend has continued in 1993, and in the first quarter, 24.3 billion DM have been moved.

BVI, a lobbying institution for German investment companies, says that more German money is going into Luxembourg-based funds than is going into German-based funds. It suspects the amount of German money invested in Luxembourg funds may soon exceed the 159.2 billion DM invested at home.

Financial Physics: Talk Taxes, and Funds Flee

These figures give some idea of the scale of tax evasion, but they are not totally accurate. On one hand, they ignore the fact that some of this money may not be evading tax, but solely seeking types of investment funds that are not allowed in Germany, and, on the other hand, they ignore bank accounts and the money flowing into other European tax havens.

A spokesman for one German bank with a branch in Luxembourg said that many people who would not have had to pay the new tax had misunderstood it and transferred their money to the tax haven anyway. They had either assumed, wrongly, that because the new tax would be deducted from their interest income by the bank, the tax authorities would have also been told about previous income which had not been declared, or they had simply not been aware of the high thresholds.

He said it was normal for someone to walk into a Luxembourg bank branch with large sums of Deutsche marks in cash.

The catalyst that got informal discussions about a pan-European withholding tax going again at the EC Commission was the beginning of the Belgian presidency last July. Belgium also borders Luxembourg, and so is naturally anxious to limit any temptation capital might have to cross the border.

Informal discussions have been going at an ad hoc group at the Commission in September, and the European Council of Economic and Finance Ministers will have an informal discussion in early October. Because it is informal, however, they do not have to make a decision.

At the same time the OECD has agreed to discuss the theme of a

Advertisement for Fidelity Money Funds, highlighting top-rated security and choice. Includes text: 'For investors everywhere, security is a key concern. With Fidelity Money Funds, you have all the reassurance you could wish for.'

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Advertisement for Offshore Companies, Insurance Companies, and Astor Corporate Management, providing various financial services. Includes text: 'OFFSHORE COMPANIES, INSURANCE COMPANIES, BANKS, ARBITRAGE INVESTMENT, ASTOR CORPORATE MANAGEMENT.'

SPORTS

Giants Again Tie Braves, With 3 Games Left

The Associated Press
The schedule seems to favor the Atlanta Braves. The momentum may favor the San Francisco Giants. Only one thing is for sure: With three days left, the Braves and Giants are tied.

NL ROUNDUP

The Braves and Giants are tied for first place in the NL West, each with 101 victories. The Giants drew even on Thursday night, winning by 3-1 in Los Angeles after Atlanta lost, 10-8, at home to Houston.

Earlier and we have to thank the Astros for going down there and playing great baseball," said the Giants' manager, Dusty Baker, referring to the game in Atlanta. "That's what you need, some help from your friends. And now anybody playing the Braves is our friend."

The Braves finish the regular season with three games at home against Colorado. Atlanta is 10-0 against the Rockies.

The Giants close with three games at Dodger Stadium. San Francisco is 4-6 against Los Angeles. Billy Swift pitched the Giants to

their eighth victory in nine games. In Atlanta, John Smoltz was hit hard as the Braves fell to 4-4 since taking a 3½-game lead on Sept. 21.

Swift, tied with Atlanta's Tom Glavine for the league lead in victories, held the Dodgers to two hits and one run in seven innings.

Tom Candiotti pitched well, but errors set up two unearned runs. The game was scoreless in the fourth when Jose Offerman misplayed a grounder at shortstop with two outs. Kirt Manwaring followed with an RBI single, and another run scored on the play when Cory

Snyder's throw from right field went into the third-base dugout. Matt Williams tripled with one out in the eighth and scored on Willie McGee's infield single for a 3-1 lead.

"You know the Giants wanted to win in the worst way," Candiotti said. "It should probably have been a 0-0 game going into the sixth or seventh."

Astros 10, Braves 8: Atlanta's three-run rally in the ninth fell short when Otis Nixon fouled out with runners on first and third to end the game.

The Braves lost two of three

games to Houston. They had won 14 straight since losing to Montreal on Aug. 6-8.

Trailing by 10-5 in the ninth, the Braves tried to come back against Doug Jones. Terry Pendleton hit an RBI single with one out, and Damon Berryhill followed with an RBI single.

Mark Lemke grounded into a forecourt that scored one run and pinch-hitter Ryan Klesko singled. Nixon ran to third base.

Pirates 5, Phillies 0: Philadelphia was shut out for the first time in more than a year, ending its modern NL record of scoring in 174 straight games.

Tim Wakefield pitched a four-hitter that sent the visiting Phillies to their first shutout since Pittsburgh's Doug Drabek beat them by 3-0 on Sept. 19, 1992.

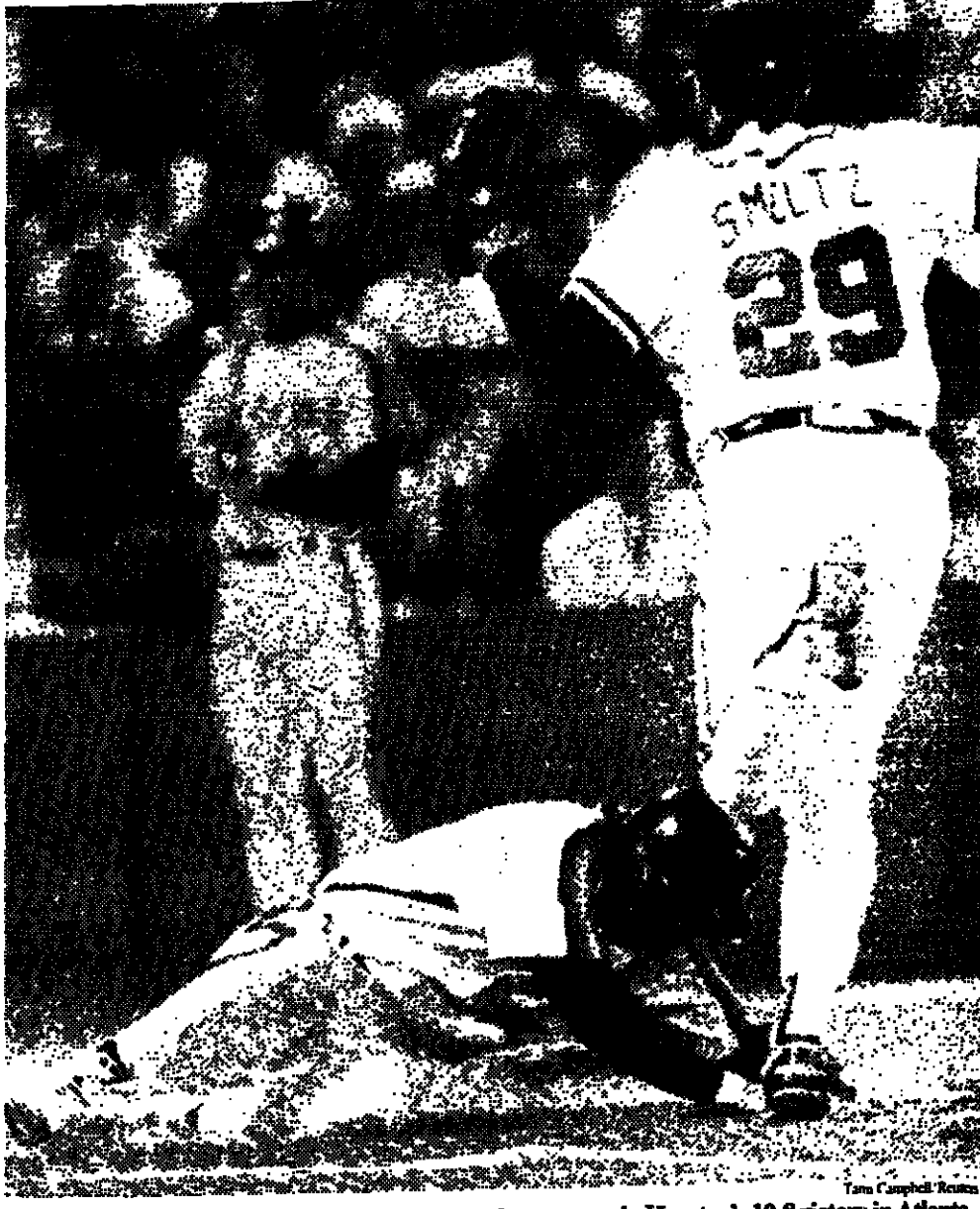
The previous NL record for games without a shutout was 150 by Pittsburgh in 1924-25. The major league record is 308 by the New York Yankees from August 1931 to August 1933.

Tommy Greene lost for the first time in 12 starts.

Mets 3, Cardinals 2: The Mets, who started the season with two victories at Shea Stadium, closed their home schedule with their third straight victory, stopping St. Louis. New York went 28-53 at home, its worst record at Shea Stadium since having the same mark in 1979. The Mets are 56-103 overall, the poorest mark in the majors.

Expos 5, Marlins 3: Curtis Pride hit a two-out, two-run homer in the ninth inning and Montreal won at Florida.

The Marlins' third baseman, Gary Sheffield, made three errors — a day after signing a four-year, \$2.45 million contract.



Ken Caminiti beat the Braves' John Smoltz to the plate to score in Houston's 10-8 victory in Atlanta.

Senate Puts Off Antitrust Vote

The Associated Press
WASHINGTON — The Senate Judiciary Committee has backed away from voting on a bill that would strip baseball of its antitrust exemption, saying it wants to hold more hearings.

The committee chairman, Joseph R. Biden Jr., did not set a date on Thursday for the hearings and said a vote on the bill might be put off until early next year. But he admonished the owners for not hiring a commissioner since Fay Vincent's forced resignation last year.

"Unless baseball gets its act together in a way that is monumentally different from where they are now," he said, "this committee will be back with the votes that will change the status of baseball."

Did Somebody Say 'Pennant Races'?

The Associated Press
If you look at the standings now, it does not appear that there were any pennant races in the American League this season.

Going into the final weekend, the Toronto Blue Jays have an eight-game lead in the East, and the Chicago White Sox have a six-game lead in the West. Toronto's 6-2 victory over the Orioles in Baltimore on Thursday night was the Blue Jays' 16th victory in 18 games.

"I think you just try and stay sharp," the Blue Jays'

AL ROUNDUP

John Olerud said, "That's the big thing. You just try and keep things going."

Al Leiter allowed two runs and four hits in six innings to win his third straight start. He struck out four, walked three and has given up only two runs in his last 21 innings.

"I think all the guys in here, down to the coaches and myself, we love to win the time," said Toronto's manager, Cito Gaston. "We don't like losing."

It was Toronto's ninth consecutive road victory, a club record. The Orioles have lost 11 of 14 and dropped into fourth place in the AL East.

"This is not the way you want to finish the season," said Johnny Oates, the Baltimore manager. "We've

been playing some tough teams lately. When you put together the combination of playing good teams and not playing well, it doesn't make for a good couple of weeks."

Mariners 2, White Sox 1: Mike Blowers hit a run-scoring single in the 11th inning in Chicago's final regular-season home game. Greg Litton led off the 11th with a double off Kirk McCaskill and Rich Amaral sacrificed before Blowers singled.

Twins 4, Angels 3: David McCarty led off the seventh with a bunt single, stole second and scored the winning run as Minnesota moved past visiting California into fifth place in the AL West.

Greg Brummett allowed seven hits in a career-high 7½ innings, helping the Twins to their first six-game winning streak this season.

Rangers 6, Athletics 2: Texas' Juan Gonzalez hit his major league-leading 45th home run as he returned to the lineup against visiting Oakland after missing nine games because of a strained muscle in his lower back.

Tigers 7, Red Sox 4: In Boston, Danny Bautista drove in four runs, including the go-ahead run in the eighth, as Detroit won for the seventh time in eight games.

Europe's Minnows Draw Big Fish in Soccer Cups

The Associated Press
GENEVA — Danish soccer champion FC Copenhagen, a team that barely escaped the first round after a controversial victory, drew a hefty assignment Friday against AC Milan, one of the favorites, in the second round of the European Champions' Cup.

The draw conducted by European soccer's governing body, UEFA, set the second-round pairings for Europe's three club cup competitions. The first-leg matches will be played Oct. 19-20, with the second legs on Nov. 2-3. (See Scoreboard)

Sixteen teams remain in contention for the Champions' Cup, the most prestigious of the three titles. The winners from the second round advance to the Champions' League, in which teams play a round-robin format to determine the two finalists.

Copenhagen qualified for the second round with a 4-0 victory at home over Linfield of Northern Ireland on Wednesday. The third goal, which tied the aggregate score at 3-3, came five minutes into injury time while Linfield was protesting that the game was being allowed to run too long. Copenhagen then won the series with a goal in extra time.

advanced to the second round despite a lackluster performance in defeating Swiss champion FC Aarau on a 1-0 aggregate.

AS Monaco, named as France's representative in the Champions' Cup after Olympique Marseille, the defending champion, was banned over bribery allegations, will play Steaua Bucharest.

Galatasaray Istanbul, which beat Ireland's Cork City in the first round, will be making its second trip to the British Isles to play English champion Manchester United.

FC Barcelona, which had to rally against Dinamo Kiev in the first round, faces Austria Vienna.

In the Cup Winners' Cup, which has a knockout-style format throughout, the matchups feature defending champion AC Parma of Italy against Maccabi Haifa, the first Israeli team to reach the second round of a European competition.

Other highlights include Ajax Amsterdam against Besiktas Istanbul, and Arsenal, the English FA Cup titlist, takes on Standard Liege of Belgium.

In the UEFA Cup, in which 32 teams remain alive in the second round, defending champion Juventus Turin of Italy will take on Kongsvaenger of Norway.

So Far, So Fast? China's Women Runners Have West Agog

By Marc Bloom
New York Times Service

NEW YORK — In the late 1970s, Jim O'Neill, an American track coach living in Hong Kong, trained several Chinese women in distance running. One of them was Winnie Ng, the first woman of Chinese extraction to reach the world-class level in the marathon.

At a track meet between athletes from Hong Kong and China's Guangzhou Province, O'Neill learned of a sports academy for children in Guangzhou, and he dispatched Ng to find out how the academy worked. Banned from entering the school, Ng managed to sneak in and report back to her coach.

"The training programs were very systematic," O'Neill, now a teacher and coach in New York City, said as he recalled Ng's report. "They selected talented young kids from throughout the province, which has a population of 60 million. If you didn't perform well enough, you got kicked out. I knew there had to be similar academies on the national level throughout China."

Now, the effects of such a systematic approach in a nation of 1.2 billion people have sent shock waves through the international running community. As Chinese women have rewritten the record book in distance running, interest in their training system has soared.

In August, at the world track and field championships in Stuttgart, Chinese women captured the 1,500, 3,000 and 10,000 meters with breathtaking ease,

sweeping all three medals in the 3,000. Earlier this month, at their national games in Beijing, Chinese women smashed the world records in every one of those events.

"What surprised me," said O'Neill, "is that it took so long. I thought it would happen sooner."

In six days, from Sept. 8 through Sept. 13, Wang Junxia, 20, redefined many assumptions about human potential. First she ran the 10,000 meters in 29 minutes 31.78 seconds, to slash the world record by 42 seconds. Then she bettered the 1,500 record with a 3:51.92 while placing second, behind her teammate Qu Yunxia, who ran 3:50.46. Qu's performance is equivalent to a 4:08 mile, which raises the prospect of a four-minute mile for women in the near future.

Finally, Wang twice shattered the 3,000 mark, running 8:12.19 in a qualifying heat and 8:06.11 in the final. The old record, 8:22.62, had been untouched for nine years. Five Chinese obliterated it. In the 10,000, they trailed the American Lynn Jennings, who captured the bronze medal in a U.S. record, 31:19.89. Now, in one giant step, the Chinese have leaped into the forefront. There has been nothing like it since the emergence of the male Kenyan distance runners in the late 1960s.

The performances have unleashed a torrent of suspicion and charges of drug use. The athletes' urine samples have

proved negative. Their next major competitions will be the Beijing marathon, Oct. 17, and the Asian track and field games in Manila, Nov. 30 to Dec. 4.

Amid the debate over the Chinese, the question of women's running capacity has been raised. Are more women capa-

ble of such performances? Can they train 180 miles per week, as claimed by the Chinese coach, Ma Junren, whose group of 18 protégés is known as "Ma's army"?

"I find it depressing," said Lisa O'diaki of Australia, who won the 1992 New York City Marathon in a course record, 2:24:40.

"Could I run 180 miles a week?" she asked. "I could, but does that mean I'd run faster? I might run slower."

High mileage tends to compromise speed.

"That's what is so confounding," said Dr. Jack Daniels, an exercise physiologist at Cortland State University and a coach of world-class runners. "The Chinese are doing massive mileage but they've got great speed as well. I know of no women — or men — who can achieve both."

Daniels calculates that Wang's track performances predict a 2:17 marathon, equivalent to a sub-two-hour marathon for men. The women's world record stands at 2:21:06. In April, in China, Wang ran her second marathon, winning in 2:24:07, as eight Chinese bettered the Chinese storm, at the time, running officials around the world assumed the course was short.

It was not the records themselves but the Chinese style of racing that stunned John Babington, coach of the Wellesley College women's cross-country team and an adviser to Jennings.

In her record 10,000 run of 29:31, Wang ran the last 3,000 in 8:17, better than the 3,000 world record at the time. "That's implausible," said Babington. "It shows she would be capable of 29 minutes flat."

In 1992, Wang's fastest 10,000 was 31:28. Her improvement of nearly two minutes in one year is questioned by Dr. David Costill of Ball State University, one of the world's foremost exercise physiologists, whose studies of distance runners form the foundation of most training theory.

"Maybe there is something in one of those turtles," wonders O'diaki, who is training for the Tokyo marathon on Nov. 21.

"We'd like to know about it," she added. "We'd all like to have it so we can run these faster times."

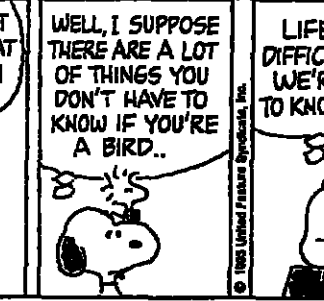
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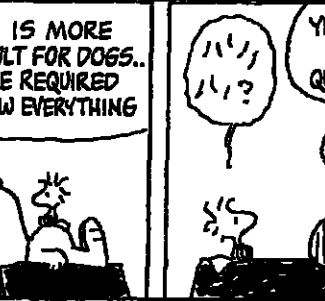
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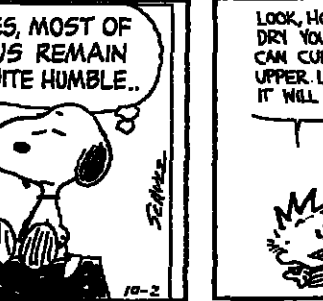
CALVIN AND HOBBES



BLONDIE



WIZARD of ID



JUMBLE

THAT SCRAMBLED WORD GAME

Scramble these four American (or other) words to form four ordinary words.

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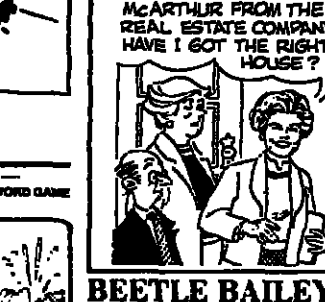
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BEEBLE BAILEY



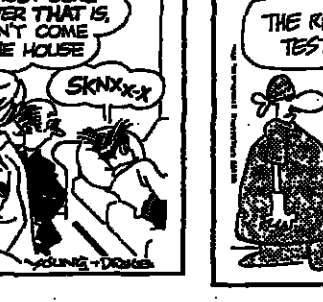
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SPORTS

In a Welsh Mining Town, Elegy for a Young Fighter and His Sport

CARDIFF, Wales — We drove out along the wrong side of the road to visit Johnny Owen, of whom I'd never heard. He was in the town of Merthyr Tydfil, which had had a good run in the previous century. In those days, it was bigger than Johnny Owen ever became. Only in 1980 did the town succumb to its fighter.

I came along because the boxing writer talked me into it. Partly this was because I had the car. In town, two men led us in a truck to the cemetery. Outside the brick wall, one of them got out and walked back to our car.

He was writing in his notebook a description of the grave, which was bounded by the stoniest wall of red brick. The earth was covered with lily green stones that would chime if anyone tried setting foot on Johnny's grave.

Older headstones were buckling into the hill at various degrees. Some were lying face down in the dirt. Later we were told that most of the new caskets were lowered into occupied graves. Probably Johnny shared his plot with someone from Merthyr's best, painful years.

"There used to be a T-shirt that he wore," the woman said, "but that was taken by the previous proprietor. She shouldn't ought to have done that."

Montana Takes on Raiders' Interceptors

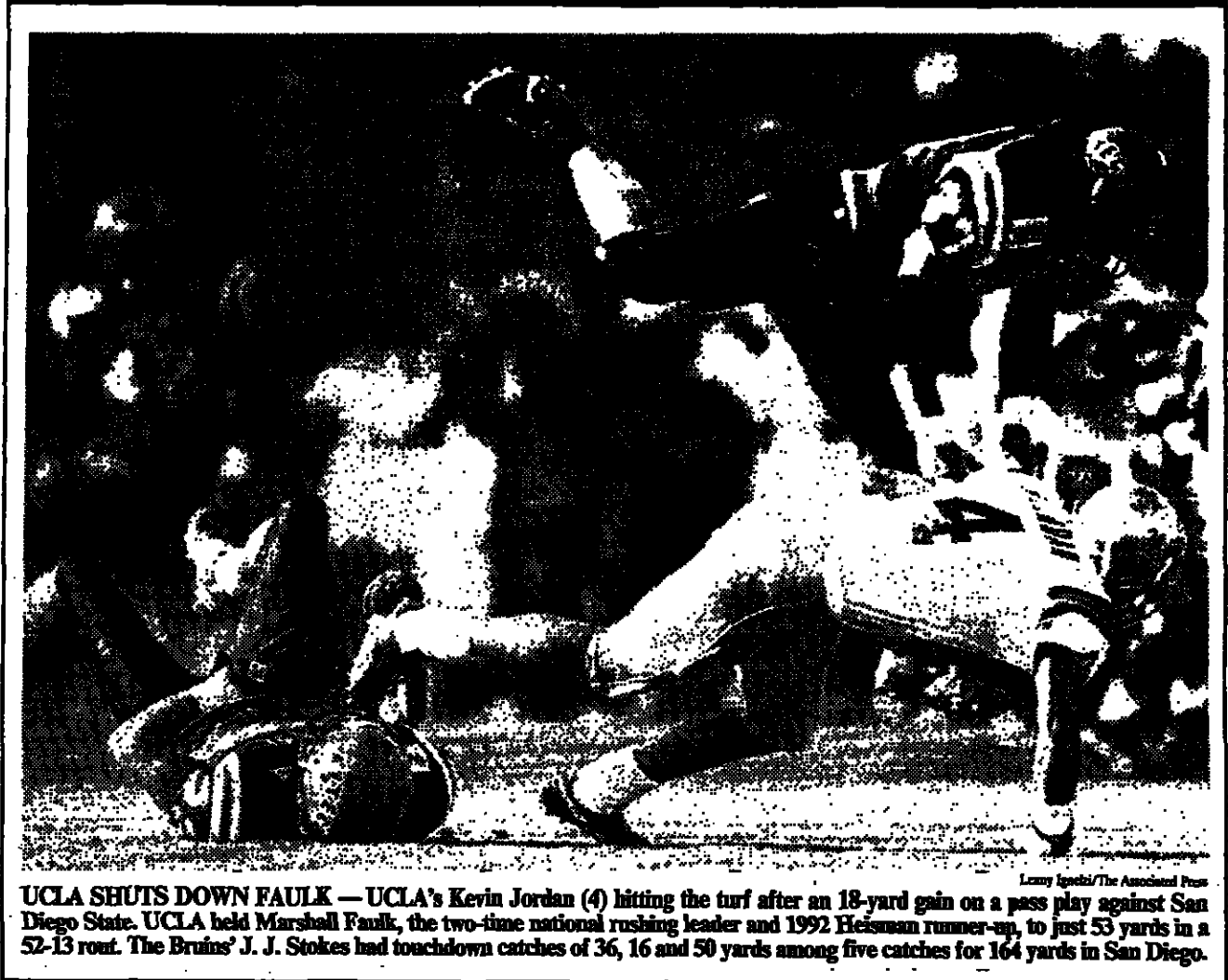
Raiders (2-1) at Chiefs (2-1): KEY STAT: Raiders have lost five straight at Kansas City; the Chiefs' Joe Montana is only NFL starter with no interceptions (none in 57 attempts).

Since then, Minnesota has dropped three straight in San Francisco. Jerry Rice has a league-high 24 receptions and will test the Vikings stout pass defense. 49ers by 9.

NFL MATCHUPS

point outing vs. Tampa Bay. The prospects do not look good. The Falcons have been outscored in rushing touchdowns by 7-1, in passing scores by 9-7, and have been outscored by 15-4. Bears by 5/2.

Since then, Minnesota has dropped three straight in San Francisco. Jerry Rice has a league-high 24 receptions and will test the Vikings stout pass defense. 49ers by 9.



UCLA SHUTS DOWN FAULK — UCLA's Kevin Jordan (4) hitting the turf after an 18-yard gain on a pass play against San Diego State. UCLA held Marshall Faulk, the two-time national rushing leader and 1992 Heisman runner-up, to just 53 yards in a 52-13 rout. The Bruins' J. J. Stokes had touchdown catches of 36, 16 and 50 yards among five catches for 164 yards in San Diego.

SCOREBOARD

Table with columns for Baseball, Hockey, Football, Soccer, and Basketball. Includes team names, scores, and game status.

SIDELINES

Toronto Group Picked for NBA Club NEW YORK (AP) — The National Basketball Association Expansion Committee unanimously recommended a Toronto group for the league's 28th franchise — and it wasn't the one that included Magic Johnson.

For the Record

A Chicago businessman, Jim Pappas, has announced plans to start a 12-team outdoor soccer league in the United States by the summer of 1995, challenging the U.S. federation's attempt to get a FIFA-mandated first-division venture going.

TAILS FROM LITERATURE By Warren W. Reich

A crossword puzzle grid with clues listed on the left and right sides. The clues include words like 'Arab chief', 'Hardy's cure', 'Couch or hot follower', etc.

Thursday's Line Scores

Table showing baseball line scores for various teams including Atlanta, Boston, Chicago, Cleveland, Detroit, Houston, Kansas City, Los Angeles, Milwaukee, Minnesota, Montreal, New York, Philadelphia, Pittsburgh, St. Louis, Texas, Toronto, and Washington.

INTERNATIONAL CLASSIFIED section containing various advertisements for travel agencies, escorts, and services in cities like Paris, London, Zurich, and Vienna.

DAVE BARRY

Beat That Soap Scum

MIAMI — I am pleased to report that, thanks to an important scientific advance, the human race may soon be able, after years of frustration and failure, to lick soap scum.

But then Subcommittee D-12.16 on Hard Surface Cleaning swung into action. According to the ASTM Standardization News article, researchers "went to consumers' homes and scraped off soap scum to analyze it."

To determine how cleansers are used in consumer households, the researchers also conducted what the article describes as "actual tests" in which they determined "when consumers stop wringing the water from their sponge and how much (cleanser) they place on the sponge."

Armed with this information, the researchers developed a method for testing tile cleansers. The cleansers are tested on tiles that have been coated with laboratory scum, then heated in an oven.

Here on Earth, however, anti-soap-scum products are not effective. I base this statement on a recent nationwide survey of my Research Department, Judi Smith, who said: "The stuff they say gets rid of soap scum never ever works."

For many years the only prestigious international research institution working on the soap-scum problem was Heloise, who was always running hints from readers about it. ("Heloise, my soap-scum problem was so bad that my husband said he didn't even want to take a shower! So I made a mixture of three parts vinegar, one part lemon juice and two parts sulfuric acid, and I put it in his coffee.")

From Berlin to Berlin, a Writer's Life

By Mark Kurlansky

BERLIN—Monika Maron's new novel, "Silent Close No. 6," is her most scathing attack yet on the regime, but it will probably be her last. The regime is gone and her country has been dissolved. Where does that leave an East German writer like Maron after three dissident novels and a stack of outspoken newspaper columns?

With the fall of the German Democratic Republic, East German writers have been left without a subject and stripped of their mystique. "East German writers are no longer regarded as exotic in the West," Maron said.

Unlike those in other East European countries, East German writers largely worked within the system. Maron did not leave until the year before the Wall came down.

Born during the war, she was raised in a powerful Communist family. She grew up in Pankow, an area of northern East Berlin that in 1945 was one of Berlin's few undestroyed neighborhoods. It became the home of the ruling elite.



Monika Maron: "East German writers are no longer regarded as exotic."

She complains that East Germans have already forgotten about the repression of the former regime. "Personal freedom is not an abstract thing. It is a concrete thing in your daily life. How little value that is given compared to money."

Berlin is still a divided city. The Ostis and Westis, as they call each other, still stick to their own sides. The Ostis think the West is fast, heartless and materialistic. The Westis think the East is slow-paced and backward.

Mark Kurlansky is currently working on a book on postwar European Jewry to be published next year.

PEOPLE

Big 3 Humanitarians: Mr. T Joins the Ranks

The Harvard Lampoon has added Mr. T to its list of great humanitarians. The magazine gave Mr. T its Humanitas award for the socially conscious message of his "Mr. T and the T-Force" comic book, in which his crime-fighting character carries a video camera instead of a gun.

Finalists for the National Book Awards have been announced. The awards will be made Nov. 17. FICTION: "Come to Me," short stories by Amy Bloom; "The Fog," short stories by Thom Jones; "Operation Wandering Soul," novel, Richard Powers; "The Shipping News," novel, E. Annie Proulx; "Swimming in the Volcano," novel, Bob Schachtzsch.

The movie actor Wesley Snipes was fined \$2,700 and put on two years' probation in Los Angeles after pleading no contest to a misdemeanor charge of carrying a loaded weapon.

Russell Baker makes his debut as the host of "Masterpiece Theater" on Sunday with a 90-minute BBC drama, "Selected Exits." The New York Times columnist replaces Alastair Cooke, who retired last year after 22 years as host.

INTERNATIONAL CLASSIFIED Appears on Pages 5 & 7

WEATHER

Weather forecast section including tables for Europe, Asia, Africa, North America, Latin America, and Oceania, along with a map of the Atlantic region.

POSTCARD

In the Galapagos, Tourists, Burglars and Bureaucracy

By James Brooke

New York Times Service

PUERTO AYORA, Ecuador — An afternoon stroll down Charles Darwin Avenue captures the rapid evolution of Homo sapiens in the Galapagos.

Ecuadorian rap music blares from the Blowout Bar; an Otavalo Indian peddles Andean wool ponchos outside a new pizzeria; and at a souvenir kiosk tourists pick through T-shirts, including one praising an endemic bird species: "I Love Boobies."

"This town is filling up with bureaucracy and burglars," grumbled Jack Nelson, a California native who owns the Hotel Galapagos. "When I first came here in the 1960s it was just a wooden schoolhouse on a street of sand."

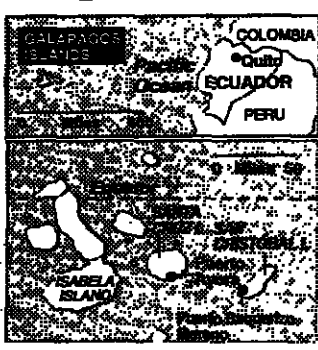
The human population of the Galapagos has grown from fewer than 3,000 in the early 1960s to about 14,000 today. Two decades ago this isolated archipelago 600 miles (950 kilometers) west of

South America's mainland was declared a national province of Ecuador, a move that threw open doors to unrestricted immigration from the continent.

Providing economic sustenance to colonization, tourism started with a handful of annual visitors in the 1960s, swept past a government target of 25,000 visitors in 1982, and, in 1990, reached the current plateau of 40,000.

Boosters of more growth — and they are increasingly hard to find — would argue that there is room for more people here. After all, Hawaii, another Pacific Ocean archipelago, has one million people living in an area twice the size of the Galapagos.

"Before, we used to get two hours of water a day — now we get half an hour of water every two days," Jorge Sotomayor, a resident of a neighboring island, San Cristobal, said of water faucets that stand dry in his house.



The New York Times

ing what he observed on the islands, the naturalist wrote "Origin of Species."

In 1535, when an expedition led by Tomas de Berlanga, bishop of Panama, made the first known human visit there, he found a strange world where birds and animals had evolved completely without fear of man. Today, 90 percent of the reptiles, 50 percent of the land birds and 45 percent of the higher plants can be found only on these islands.

"Where else can one find, all in one location, relatives of the sunflower that have evolved into lizards, gulls which forage at night, lizards which feed on seaweed beneath the ocean surface, tortoises which grow to gigantic proportions, or comorants which have lost the ability to fly?" Alan White and Bruce Epler wrote in a guidebook for the Charles Darwin Foundation, a private research group based here.

Large advertisement for AT&T Access Numbers with the headline "I wonder if the little guy had fun today?" and a list of international access numbers.

Table listing AT&T Access Numbers for various countries including ANDORRA, ARMENIA, AUSTRIA, BAHRAIN, BELGIUM, BULGARIA, CAPE VERDE ISLANDS, CROATIA, CYPRUS, CZECH REP., DENMARK, EGYPT (CAIRO), ETHIOPIA, FINLAND, FRANCE, GABON, GAMBIA, GERMANY, GHANA, GIBRALTAR, GREECE, HUNGARY, ICELAND, IRELAND, ISRAEL, ITALY, IVORY COAST, KENYA, KUWAIT, LIBERIA, LEBENON (BEIRUT), LITHUANIA, LUXEMBOURG, MALTA, MALDIVES, MEXICO, NETHERLANDS, NIGERIA, NORWAY, POLAND, PORTUGAL, ROMANIA, RUSSIA (MOSCOW), SAN MARINO, SIERRA LEONE, SLOVAKIA, SLOVENIA, SWEDEN, SWITZERLAND, TURKEY, UGANDA, U.A.R. ARAB EMIRATES, UK, YEMEN, ZAMBIA, ZIMBABWE.

Small advertisement at the bottom of the page with Arabic text and a logo.